

Company registration number 07948437 (England and Wales)

**HYPERDRIVE INNOVATION LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

# HYPERDRIVE INNOVATION LTD

## COMPANY INFORMATION

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<b>Directors</b>	M S Karim M Cox	(Appointed 28 October 2022)
<b>Company number</b>	07948437	
<b>Registered office</b>	Future Technology Centre Barmston Court Nissan Way Sunderland SR5 3NY	
<b>Auditor</b>	Sumer Auditco Limited Unit 2 Gosforth Park Avenue Newcastle Upon Tyne NE12 8EG	
<b>Bankers</b>	National Westminster Bank Plc 16 Northumberland Street Newcastle upon Tyne Tyne & Wear NE1 7EL	
<b>Solicitors</b>	Ward Hadaway Sandgate House 102 Quayside Newcastle upon Tyne NE1 3DX	

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# HYPERDRIVE INNOVATION LTD

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# HYPERDRIVE INNOVATION LTD

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present the strategic report for the year ended 31 December 2022.

#### Review of the business

The principal activity of the company is the development of low carbon vehicle technology.

The company has continued to make progress in the period, with turnover increasing to £25.8m in the year (9 months to Dec-21 - £18.6m). Continued investment, aided by the new ultimate parent, helps to develop the growth aspirations of the company. As a result, Hyperdrive is now profit making and cash generative.

#### Future developments

It is now very clear that electrification is accelerating across the world, driven by government directives, environmental concerns and rapid improvement in battery cell technology, although this brings about a more competitive landscape and marketplace.

#### Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The board reviews these risks and puts in place policies to mitigate them.

The key business and financial risks are:

##### *Price risk*

The principal risk to the business is price risk through the fluctuation of supplier prices. The directors manage price risk on an ongoing basis to ensure they remain competitive within the market.

##### *Employees*

The supply of skilled engineers is a risk for the company as demand can fluctuate depending on the number of contracts. The directors are closely involved with the required staffing levels which helps to manage this risk.

##### *Environment, health and safety incidents*

Appropriate measures are implemented to ensure the risk of any environmental and health and safety issues are minimised.

##### *Liquidity risk*

The directors regularly monitor the financial information to ensure that any risks in this area are considered on a timely basis ensuring the company has sufficient working capital.

##### *Credit risk*

The directors regularly monitors debtors to ensure that any risks of bad and doubtful debts are provided for on a timely basis.

#### Key performance indicators

The directors consider turnover, gross profit margin, and EBITDA (earnings before interest, tax, depreciation and amortisation) to be key measures of the company's performance:

	2022	2021	Increase / (decrease) *
Turnover	£25,823,072	£18,596,237	4%
Gross profit margin	23%	22%	1%
EBITDA	£773,058	£723,914	(20)%

*\*The percentages have been calculated on a pro-rata basis for a more accurate reflection of the like-for-like movements given the fact that 2021 was an 9 month period*

The profit after tax for the period was £635,364 (2021 - £477,825) and the net assets position at the period end was £2,156,931 (2021 - £1,521,567).

The directors consider the company's results to be satisfactory in light of current market conditions.

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

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On behalf of the board

**M S Karim**  
**Director**

26 March 2024

# HYPERDRIVE INNOVATION LTD

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their annual report and financial statements for the year ended 31 December 2022.

#### Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Directors

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

C R Pennison	(Resigned 31 December 2023)
M S Karim	
R J Morris	(Resigned 8 October 2023)
R Shakoori	(Resigned 28 October 2022)
M Cox	(Appointed 28 October 2022)

#### Auditor

The auditor, Sumer Auditco Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

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

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

#### Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of principal risks and future developments.

#### Statement of disclosure to auditor

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

**HYPERDRIVE INNOVATION LTD**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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On behalf of the board

**M S Karim**  
**Director**

26 March 2024

# HYPERDRIVE INNOVATION LTD

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF HYPERDRIVE INNOVATION LTD

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#### Opinion

We have audited the financial statements of Hyperdrive Innovation Ltd (the 'company') for the year ended 31 December 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

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



# **HYPERDRIVE INNOVATION LTD**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)** **TO THE MEMBERS OF HYPERDRIVE INNOVATION LTD**

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### **Matters on which we are required to report by exception**

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

# **HYPERDRIVE INNOVATION LTD**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HYPERDRIVE INNOVATION LTD**

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### **Capability of the audit in detecting irregularities, including fraud**

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements including UK financial reporting standards, Company Law, Tax and Pensions legislation, and distributable profits legislation.
- Those laws and regulations for which non-compliance may be fundamental to the operating aspects of the business and therefore may have a material effect on the financial statements include the Waste Batteries and Accumulators Regulations 2009.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; testing the appropriateness of journal entries; and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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

### **Use of our report**

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

**Stephen Slater**  
**Senior Statutory Auditor**  
**For and on behalf of Sumer Auditco Limited**  
**Statutory Auditor**  
**Unit 2**  
**Gosforth Park Avenue**  
**Newcastle Upon Tyne**  
**NE12 8EG**

28 March 2024

# HYPERDRIVE INNOVATION LTD

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Year ended 31 December 2022 £	Period ended 31 December 2021 £
Turnover	3	25,823,072	18,596,237
Cost of sales		(19,835,582)	(14,549,888)
<b>Gross profit</b>		<b>5,987,490</b>	<b>4,046,349</b>
Administrative expenses		(5,473,198)	(3,611,047)
Other operating income		30,926	77,215
<b>Operating profit</b>	4	<b>545,218</b>	<b>512,517</b>
Interest receivable and similar income		132,411	2,891
Interest payable and similar expenses		(48,301)	(28,052)
<b>Profit before taxation</b>		<b>629,328</b>	<b>487,356</b>
Tax on profit	7	6,036	(9,531)
<b>Profit for the financial year</b>		<b>635,364</b>	<b>477,825</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# HYPERDRIVE INNOVATION LTD

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

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	Year ended 2022 £	Period ended 2021 £
Profit for the year	635,364	477,825
Other comprehensive income	-	-
Total comprehensive income for the year	<u>635,364</u>	<u>477,825</u>

# HYPERDRIVE INNOVATION LTD

## BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	8		13,725		55,879
Tangible assets	9		621,823		641,019
			<u>635,548</u>		<u>696,898</u>
<b>Current assets</b>					
Stocks	10	2,246,914		3,500,676	
Debtors falling due after more than one year	11	633,630		778,753	
Debtors falling due within one year	11	9,267,591		4,459,111	
Cash at bank and in hand		582,800		3,923,023	
		<u>12,730,935</u>		<u>12,661,563</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(6,489,680)</u>		<u>(8,615,720)</u>	
<b>Net current assets</b>			<u>6,241,255</u>		<u>4,045,843</u>
<b>Total assets less current liabilities</b>			<u>6,876,803</u>		<u>4,742,741</u>
<b>Provisions for liabilities</b>					
Provisions	13	<u>4,719,872</u>		<u>3,221,174</u>	
			<u>(4,719,872)</u>		<u>(3,221,174)</u>
<b>Net assets</b>			<u><u>2,156,931</u></u>		<u><u>1,521,567</u></u>
<b>Capital and reserves</b>					
Called up share capital	16		136,079		136,079
Share premium account			5,500,100		5,500,100
Profit and loss reserves			<u>(3,479,248)</u>		<u>(4,114,612)</u>
<b>Total equity</b>			<u><u>2,156,931</u></u>		<u><u>1,521,567</u></u>

The financial statements were approved by the board of directors and authorised for issue on 26 March 2024 and are signed on its behalf by:

**M S Karim**  
Director

Company registration number 07948437 (England and Wales)

# HYPERDRIVE INNOVATION LTD

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

	Share capital	Share premium account	Other reserves	Profit and loss reserves	Total
	£	£	£	£	£
<b>Balance at 1 April 2021</b>	136,079	5,500,100	247,617	(5,065,689)	818,107
<b>Period ended 31 December 2021:</b>					
Profit and total comprehensive income	-	-	-	477,825	477,825
Transfers	-	-	225,635	-	225,635
Other movements	-	-	(473,252)	473,252	-
<b>Balance at 31 December 2021</b>	136,079	5,500,100	-	(4,114,612)	1,521,567
<b>Year ended 31 December 2022:</b>					
Profit and total comprehensive income	-	-	-	635,364	635,364
<b>Balance at 31 December 2022</b>	136,079	5,500,100	-	(3,479,248)	2,156,931

# HYPERDRIVE INNOVATION LTD

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

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### 1 Accounting policies

#### Company information

Hyperdrive Innovation Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Future Technology Centre, Barmston Court, Nissan Way, Sunderland, SR5 3NY.

#### 1.1 Reporting period

The prior reporting period was shortened to 31 December 2021 for commercial reasons. The prior period presents the financial statements of the company for the 9 months from 1 April 2021 to 31 December 2021 and as such the current year financial statements (including related notes) for the 12 months from 1 January 2022 to 31 December 2022 are not entirely comparable.

#### 1.2 Accounting convention

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

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

The financial statements have been prepared on the historical cost convention.

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

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments': basis of determining fair values;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Turntide Transport Limited. These consolidated financial statements are available from its registered office, Turntide Drives Eighth Avenue, Team Valley Trading Estate, Gateshead, United Kingdom, NE11 0QA.

#### 1.3 Going concern

The financial statements have been prepared on the going concern basis. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, taking into account future cash flow forecasts as well as current economic conditions. The Board has concluded that the going concern assumption is appropriate in preparing these financial statements.

#### 1.4 Turnover

Turnover represents the amounts derived from the provision of goods to customers net of value added tax and trade discounts.

Revenue from the sale of batteries is recognised when the significant risks and rewards of ownership of the batteries have passed to the buyer (usually on despatch of the battery), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

# HYPERDRIVE INNOVATION LTD

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

### 1 Accounting policies (Continued)

#### 1.6 Intangible fixed assets other than goodwill

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

Software	33.3% straight line
Development costs	20% straight line

#### 1.7 Tangible fixed assets

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

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

Leasehold improvements	6.7% straight line
Plant and machinery	20% straight line
Fixtures, fittings and equipment	33.3% straight line
Computer equipment	20% straight line
Motor vehicles	33.3% straight line

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

#### 1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### 1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.10 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.



# HYPERDRIVE INNOVATION LTD

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

### 1 Accounting policies

(Continued)

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

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

#### **Classification of financial liabilities**

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

#### **Basic financial liabilities**

Basic financial liabilities, including creditors and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Derecognition of financial liabilities**

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

### 1.11 Equity instruments

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

# HYPERDRIVE INNOVATION LTD

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

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### 1 Accounting policies

(Continued)

#### 1.12 Taxation

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

##### **Current tax**

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

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.13 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

#### 1.14 Employee benefits

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

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received, if considered material to the financial statements.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.16 Leases

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

# HYPERDRIVE INNOVATION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### 1.17 Government grants

Grants, where entitlement is not conditional on the delivery of a specific performance by the company, are recognised when the company becomes unconditionally entitled to the grant. Grants related to performance and specific deliverables are accounted for as the company earns the right to consideration by its performance.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

##### 1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

#### 2 Judgements and key sources of estimation uncertainty

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

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

##### Critical judgements

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

##### *Assessing indicators of impairment*

In assessing whether there have been any indicators of impairment in non-financial assets, the directors have considered both external and internal sources of information such as market conditions and experience of recoverability. Impairment reviews were undertaken both at 31 December 2021 and 31 December 2022. The company has one CGU, being the design, manufacture and sale of ion lithium batteries and battery related technology.

At both dates the recoverable amounts of the CGU were assessed as being in excess of the carrying values and therefore no impairments have been recognised in either year. The assessment was based on value in use calculations using 5 year approved forecasts. For the purposes of this impairment test these forecasts assume significant revenue growth over a 5 year period with only inflationary growth thereafter.

# HYPERDRIVE INNOVATION LTD

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

### 2 Judgements and key sources of estimation uncertainty

(Continued)

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Provision for battery disposal costs

The company is required under UK Laws and Regulations to take back, free of charge from the end user, waste batteries that it has previously supplied and then to ensure that all waste batteries taken back are delivered for treatment and recycling to an authorised battery treatment facility or to an approved exporter for treatment outside of the UK. The company makes provision for these estimated future costs of disposal. The provision involves a significant amount of estimation as it takes into account the expected life of the batteries, expected cost of disposal, and the number of batteries expected to be returned for disposal each year. This estimate is based on past experience of the performance of similar projects. The carrying value of this provision is £3,855,216 (2021 - £2,415,072) as disclosed in note 13. This provision is based upon current legislation and disposal technologies. Any future changes in legislation or technologies could impact the quantum of this provision.

#### Warranty provision

The company provides warranties on sales of batteries for a 2 year period following completion of the sale, unless additional warranty periods are specifically agreed in line with the user application. The directors have estimated the likely cost of these warranties based on historic experience of warranty claims. This is based on historical experience of costs incurred relating to historical sales. The carrying value of this provision is £379,517 (2021 - £277,296).

#### Rectification provision

The company has provided for estimated rectification costs on certain battery packs currently in the field. The nature of the work required means that the timing and likely cost is uncertain. The estimate costs include expected shipping and labour costs. The costs are expected to be incurred within the next 2 years. The carrying value of this provision is £485,139 (2021 - £528,806).

#### Deferred tax asset

Deferred tax assets are recognised to the extent that it is probable that they will be recovered against future taxable profits. The carrying amount of deferred tax assets is reviewed at each reporting end date and requires the directors to estimate the level of future profits expected to be recovered. The carrying value of the deferred tax asset is £633,630 (2021 - £778,753). Although the business has been historically loss making the directors consider that there is convincing evidence at 31 December 2021 and 31 December 2022 that the company will generate sufficient future taxable profits to utilise these deferred tax assets.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2022	2021
	£	£
<b>Turnover analysed by class of business</b>		
Battery sales	25,823,072	18,596,237

# HYPERDRIVE INNOVATION LTD

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

### 3 Turnover and other revenue

(Continued)

	2022 £	2021 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	19,206,847	17,257,485
Europe	5,563,340	800,814
Rest of World	1,052,865	537,938
	<u>25,823,072</u>	<u>18,596,237</u>
	2022 £	2021 £
<b>Other revenue</b>		
Interest income	132,411	2,891
Grants received	-	9,000
	<u>-</u>	<u>9,000</u>

Grant income includes £Nil (2021 - £9,000) received in relation to the coronavirus job retention scheme.

### 4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	5,417	(1,098)
Fees payable to the company's auditor for the audit of the company's financial statements	15,000	15,000
Depreciation of owned tangible fixed assets	165,936	11,534
Profit on disposal of tangible fixed assets	(500)	-
Amortisation of intangible assets	61,904	199,863
Share-based payments	-	225,635
Operating lease charges	103,996	75,867
	<u>103,996</u>	<u>75,867</u>

### 5 Employees

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

	2022 Number	2021 Number
Administration and management	21	21
Production and engineering	55	50
Directors	4	3
	<u>80</u>	<u>74</u>
Total	80	74

# HYPERDRIVE INNOVATION LTD

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

### 5 Employees (Continued)

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	3,222,994	3,228,201
Social security costs	453,275	319,127
Pension costs	169,770	103,606
	<u>3,846,039</u>	<u>3,650,934</u>

### 6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	-	606,169
Amounts receivable under long term incentive schemes	-	443,073
Company pension contributions to defined contribution schemes	-	25,809
	<u>-</u>	<u>1,075,051</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	n/a	175,571
	<u>n/a</u>	<u>175,571</u>

### 7 Taxation

	2022 £	2021 £
<b>Current tax</b>		
Adjustments in respect of prior periods	(151,159)	-
	<u>(151,159)</u>	<u>-</u>
<b>Deferred tax</b>		
Changes in tax rates	47,865	-
Adjustment in respect of prior periods	(54,316)	-
Tax losses carried forward	151,574	9,531
	<u>145,123</u>	<u>9,531</u>
Total deferred tax	145,123	9,531
	<u>145,123</u>	<u>9,531</u>
Total tax (credit)/charge	(6,036)	9,531
	<u>(6,036)</u>	<u>9,531</u>

# HYPERDRIVE INNOVATION LTD

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

### 7 Taxation

(Continued)

The actual (credit)/charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	629,328	487,356
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	119,572	92,598
Tax effect of expenses that are not deductible in determining taxable profit	32,001	48,026
Adjustments in respect of prior years	(54,316)	-
Effect of change in corporation tax rate	47,866	(140,350)
Research and development tax credit	(151,159)	-
Share based payment charge	-	9,063
Other	-	194
Taxation (credit)/charge for the year	(6,036)	9,531

### 8 Intangible fixed assets

	Software £	Development costs £	Total £
<b>Cost</b>			
At 1 January 2022	-	1,420,128	1,420,128
Additions	19,750	-	19,750
Transfers	6,777	-	6,777
At 31 December 2022	26,527	1,420,128	1,446,655
<b>Amortisation and impairment</b>			
At 1 January 2022	-	1,364,249	1,364,249
Amortisation charged for the year	6,035	55,869	61,904
Transfers	6,777	-	6,777
At 31 December 2022	12,812	1,420,118	1,432,930
<b>Carrying amount</b>			
At 31 December 2022	13,715	10	13,725
At 31 December 2021	-	55,879	55,879

# HYPERDRIVE INNOVATION LTD

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

### 9 Tangible fixed assets

	Leasehold improvements	Plant and fixtures, machinery and fittings and equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2022	-	754,078	394,202	-	1,162,275
Additions	1,375	87,331	55,776	2,258	146,740
Disposals	-	(2,163)	-	-	(2,163)
Transfers	-	-	(310,415)	303,638	(6,777)
At 31 December 2022	1,375	839,246	139,563	305,896	1,300,075
<b>Depreciation and impairment</b>					
At 1 January 2022	-	289,861	229,296	-	521,256
Depreciation charged in the year	25	104,555	14,034	44,523	165,936
Eliminated in respect of disposals	-	(2,163)	-	-	(2,163)
Transfers	-	-	(169,014)	162,237	(6,777)
At 31 December 2022	25	392,253	74,316	206,760	678,252
<b>Carrying amount</b>					
At 31 December 2022	1,350	446,993	65,247	99,136	621,823
At 31 December 2021	-	464,217	164,906	-	641,019

### 10 Stocks

	2022 £	2021 £
Finished goods and goods for resale	2,246,914	3,500,676

### 11 Debtors

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
Trade debtors	3,796,152	2,406,093
Corporation tax recoverable	176,209	109,439
Amounts owed by group undertakings	4,520,364	1,502,891
Other debtors	36,042	41,003
Prepayments and accrued income	738,824	399,685
	9,267,591	4,459,111



# HYPERDRIVE INNOVATION LTD

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

### 11 Debtors (Continued)

	2022 £	2021 £
Amounts falling due after more than one year:		
Deferred tax asset (note 14)	633,630	778,753
<b>Total debtors</b>	<b>9,901,221</b>	<b>5,237,864</b>

### 12 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	1,692,976	1,227,614
Amounts owed to group undertakings	3,239,143	3,238,144
Taxation and social security	107,257	206,480
Deferred income	917,021	3,232,675
Other creditors	25,173	667
Accruals and deferred income	508,110	710,140
	<b>6,489,680</b>	<b>8,615,720</b>

### 13 Provisions for liabilities

	2022 £	2021 £
Battery disposal provision	3,855,216	2,415,072
Battery warranty provision	379,517	277,296
Rectification provision	485,139	528,806
	<b>4,719,872</b>	<b>3,221,174</b>

#### Movements on provisions:

	Battery disposal provision £	Battery warranty provision £	Rectification provision £	Total £
At 1 January 2022	2,415,071	277,296	528,806	3,221,173
Additional provisions in the year	1,402,556	176,356	181,003	1,759,915
Utilisation of provision	(10,712)	(74,135)	(224,670)	(309,517)
Unwinding of discount	48,301	-	-	48,301
At 31 December 2022	<b>3,855,216</b>	<b>379,517</b>	<b>485,139</b>	<b>4,719,872</b>

# HYPERDRIVE INNOVATION LTD

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

### 13 Provisions for liabilities

(Continued)

#### *Battery disposal provision*

The company is required under UK Laws and Regulations to take back, free of charge from the end user, waste batteries that it has previously supplied and then to ensure that all waste batteries taken back are delivered for treatment and recycling to an authorised battery treatment facility or to an approved exporter for treatment outside of the UK. The company makes provision for these estimated future costs of disposal. The provision involves a significant amount of estimation as it takes into account the expected life of the batteries, expected cost of disposal, and the number of batteries expected to be returned for disposal each year. One of the key assumptions used is that all batteries sold will be returned to the company for disposal at the end of their useful lives. To date there is insufficient history of battery returns to support any different returns assumption. As better evidence of returns becomes available in the future the provision may be amended accordingly. Additionally the company has assumed that it will use third parties to dispose of the batteries. As technologies develop it could be possible in the future that improved methods of disposal become available. This could impact the quantum of the provision in future years.

See also key judgements and sources of estimation uncertainty (note 2).

The unwinding of the discount is classified as interest payable in the profit and loss account.

#### *Battery warranty provision*

The company provides warranties on sales of batteries for a 2 year period following completion of the sale, unless additional warranty periods are specifically agreed in line with the user application. The directors have estimated the likely cost of these warranties based on historic experience of warranty claims. The nature of the warranties mean that the amount and timing of payments is uncertain, however costs are expected to be realised within a period of not more than 2 years in most cases.

#### *Rectification provision*

The company has provided for estimated rectification costs on certain battery packs currently in the field. The nature of the work required means that the timing and likely cost is uncertain. The estimate costs include expected shipping and labour costs. The costs are expected to be incurred within the next 2 years.

### 14 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	<b>Assets 2022 £</b>	<b>Assets 2021 £</b>
<b>Balances:</b>		
Fixed asset timing differences	(140,294)	(146,700)
Tax losses	727,724	879,253
R&D expenditure credit	46,200	46,200
	<u>633,630</u>	<u>778,753</u>

# HYPERDRIVE INNOVATION LTD

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

### 14 Deferred taxation (Continued)

	<b>2022</b>
	<b>£</b>
<b>Movements in the year:</b>	
Asset at 1 January 2022	(778,753)
Charge to profit or loss	145,123
	<hr/>
Asset at 31 December 2022	(633,630)
	<hr/> <hr/>

The deferred tax asset set out above is not expected to reverse within 12 months as it relates to the utilisation of tax losses against future expected profits over the next 5 years. As such the asset has been classified as non-current on the balance sheet.

### 15 Retirement benefit schemes

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	169,770	103,606
	<hr/> <hr/>	<hr/> <hr/>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 16 Share capital

	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>	<b>£</b>	<b>£</b>
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary shares of 0.1p each	136,079,043	136,079,043	136,079	136,079
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The company has one class of ordinary shares which carry no right to fixed income.

### 17 Operating lease commitments

#### Lessee

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Within one year	110,308	105,083
Between two and five years	336,522	442,830
In over five years	252,282	256,282
	<hr/>	<hr/>
	699,112	804,195
	<hr/> <hr/>	<hr/> <hr/>

## **HYPERDRIVE INNOVATION LTD**

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

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#### **18 Ultimate controlling party**

The company's parent undertaking is Hyperdrive Innovation Holdings Limited, a company incorporated in England and Wales.

The company's ultimate UK parent undertaking is Turntide Transport Limited, a company incorporated in England and Wales and its registered office is Turntide Drives Eighth Avenue, Team Valley Trading Estate, Gateshead, United Kingdom, NE11 0QA.

The company's ultimate controlling party is Turntide Technologies Inc, a company incorporated in the United States of America and its registered office is 1295 Forgewood Ave., Sunnyvale, CA 94089.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.