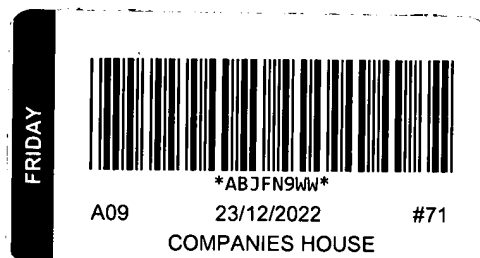


Company No: 11634997 (England and Wales)

**PURE ELECTRIC LIMITED (FORMERLY PURE SCOOTERS LIMITED)**

**Annual Report and Financial Statements**

**For the financial year ended 28 February 2022**



**PURE ELECTRIC LIMITED**  
**Annual Report and Financial Statements**  
**For the Financial year ended 28 February 2022**

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**PURE ELECTRIC LIMITED**  
**COMPANY INFORMATION**  
**For the Financial year ended 28 February 2022**

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<b>Directors</b>	SD Marshall
<b>Secretary</b>	Quayseco Limited
<b>Registered Office</b>	New Farm Office Hartlake Glastonbury Somerset BA6 9AB United Kingdom
<b>Company Number</b>	11634997 (England and Wales)
<b>Auditor</b>	Deloitte LLP 3 Rivergate Temple Quay Bristol BS1 6GD United Kingdom
<b>Bankers</b>	Barclays Bank Plc Leicester United Kingdom
<b>Solicitors</b>	Burges Salmon One Glass Wharf Bristol BS2 0ZX United Kingdom

## PURE ELECTRIC LIMITED

### STRATEGIC REPORT

For the Financial year ended 28 February 2022

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#### Our mission

The effects of global warming are being felt around the world with floods, forest fires, heat waves and failing crops. Transport is the largest contributor to global warming. Urban transport systems are broken, generating toxic levels of pollution, high travel costs and unbearable congestion.

4.4 billion people (equivalent to 55% of the world's population) live in urban environments. 68% of the journeys made by their 1.5 billion cars are under 5 miles.

The PST Holdings Limited ("PST"), 'or Group', of which Pure Electric Limited ("PEL") is the largest subsidiary, was established to address these issues by giving every person living in an urban environment a better form of transport and thereby making a positive impact on mankind.

#### Principal activities

The principal activities of the Company have historically been the manufacturing, distribution and retail of ebikes and scooters in the UK - direct to consumer online and through owned physical retail stores and indirect through third party retailers - and the sale of own brand products to fellow group undertakings for onward sale to the end consumer in France and Belgium.

On 4 July 2022 the Group announced that it would restructure to focus exclusively on its own brand scooter development and sales through direct to consumer and third party retail channels. As a result, it has now concluded the closure of all but one of its UK stores and has started selling Pure scooters in 66 Currys stores and on their website. With its new differentiated own brand Pure Advance scooter range coming to market in Q1 2023, the Group is in an unrivalled position to exploit the incipient micromobility trends and become the leading global scooter brand.

#### Funding activities

To date the business has been entirely funded by its parent company PST Holdings Limited, through its parent Horatio Investments Limited, a company wholly owned by Pure Electric founder Adam Norris.

In order to expand the potential investment base to encourage a strong ethos of product advocacy from seed investors and to introduce a cadre of high net worth individuals (HNWI's) that would be able to support the growth of the business, PST opened a funding round in September 2022 to raise a minimum of £10m. This round is still open and to date has raised a total of £8m.

The directors continue to review other investment opportunities and are targeting a further investment round in excess of £15m in the coming 6-12 months.

#### Trends and market factors

Despite a lack of innovation and no premium brands, the scooter market has grown rapidly. It is estimated that 10m scooters were sold globally last year and it is estimated that the market will be worth over \$40bn by 2030.

Scooters are legal across Europe with the exception of the UK and Netherlands. The French market is the biggest European market with annual sales above 900k units and scooter sales exceeding ebikes.

In the UK scooters are illegal on public highways. However, the UK government announced in the Queen's Speech on May 10th 2022 that "Her Majesty's government will improve transport across the United Kingdom, delivering safer, cleaner services and enabling more innovation."

Following this statement, in the House of Lords on Wednesday May 11th, Baroness Vere shared:

*"Safety is also at the heart of our plans, to create a regulatory framework for smaller, lighter, zero emission vehicles, sometimes known as e-scooters. My Lords, their popularity is clear, and new rules are needed to improve safety and crack down on illegal use, whilst unlocking innovation and growth in this emerging multi-billion pound industry. To that end it is our intention that this bill will create a low speed, zero emission vehicle category that is independent from the cycle and motor vehicle categories. New powers would allow the government to decide the vehicles that fall into this new category in the future and how they are regulated to make sure they are safe to use. We hope that e-scooters will be the first of these vehicles."*

**PURE ELECTRIC LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**For the Financial year ended 28 February 2022**

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**Trends and market factors continued**

This confirms the directors' view that e-scooters are approaching legalisation in the UK and that the company will benefit significantly from first mover advantage with a range of differentiated e-scooter products on legalisation.

The directors have received indications that, despite the change in Prime Minister, the intention remains to legalise scooters as previously indicated under the Johnson premiership. However, enforcement of legislation in the UK has become significantly more rigorous during the financial year, which had a negative impact on UK scooter sales.

**Principal risks and uncertainties:**

**UK legislation:** There is a risk that UK legislation is delayed beyond 2023 and that this restricts the Company's sales potential. The Group's intention is to become increasingly more geographically diversified with third-party retailer discussions ongoing in a number of European and other countries. The historic dependence of the Group on the UK market is therefore being significantly reduced, and therefore allows the Company to be supported by its parent, PST Holdings Limited ("PST") until legalisation occurs. In addition, there is good flexibility in the contractual relationship with our contract manufacturer which will allow us to flex production accordingly.

**Foreign exchange risk:** The business incurs product cost in local currency (predominantly RMB) from the relationship with its China-based contract manufacturing partner and is therefore exposed to currency risk. Whilst the business has not historically conducted hedging activities, it has now embarked on a hedging strategy to protect against currency volatility.

**Product cost inflation:** The business is exposed to product cost inflation and risks not being able to pass those cost increases onto end customers. To mitigate this, the business has an experienced specialist procurement team that works with the contract manufacturer and second-tier suppliers to secure the best possible prices. In addition, the directors believe that the differentiated nature of the new Pure Advance product gives greater pricing power compared to competitor 'me too' products.

**Macroeconomic conditions:** Increasing global inflation and interest rates, and the UK cost of living crisis, with tightening fiscal policy and low consumer confidence, provide a challenging macroeconomic backdrop. However, the directors believe that the substitutional status of scooters – that is, that consumers can reduce travel by other (more expensive) means of transport, such as cars, in favour of travel by scooter – means that the category provides a remedy for these issues.

**Supply chain interruption:** The group manufactures its own brand products through a China-based contract manufacturer and is therefore potentially subject to supply chain delays or any political impacts of worsening UK relations with China. The Group is reviewing alternative locations with its contract manufacturer to mitigate this risk, and will look to diversify geographically as the business scales.

**Ongoing cash requirement:** The business is currently loss-making and requires ongoing financial support to continue to trade. Although it has a relatively high cost base as it builds a platform for expansion in and beyond its current markets to exploit imminent new product launches, these costs could be significantly reduced in the event that the business does not generate the directors' contribution targets, especially now that the business only trades from one UK retail store. The business maintains detailed short, medium and long term cash forecasts to ensure it has adequate solvency and maintains a tight control over overheads. It has secured £8m funding in its current funding round and has also secured inventory and invoice financing. The directors have reviewed the cash requirements of the Group for the next 12 months and have received a letter of support from PST for ongoing support to the value of £9m.

**Credit risk:** Historically the group has traded direct to consumer so has not been exposed to significant credit risk. As the group starts to trade with third party retailers, it will review the solvency of these third parties and take out credit insurance where appropriate.

**PURE ELECTRIC LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**For the Financial year ended 28 February 2022**

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**Product quality and specification:** The business is intending to build a reputation as the number one global scooter brand. It is therefore imperative that the product quality is exceptional and that it is adaptable to changing regulations and legislation. The business has an expert Quality Assurance team based in the UK and China and monitors very closely the production output from its contract manufacturer. It also has a leading R&D development team that maintains close monitoring of global regulations and legislation to ensure that all product development anticipates any changes.

**Business review**

Revenue in the year declined by 9% to £28.3m but gross margin was 10% up at £3.1m. UK scooter sales were impacted by a significant tightening of the scooter enforcement regime leading to a 23% revenue decline, but this was offset by stronger UK ebike sales (up over 85% to £11.7m).

Administrative costs grew by 47% to £17.0m as one further store opened coupled with the full financial year impact of the 13 stores opened in the year ended 28 February 2021. The business also scaled up its establishment in sales, marketing, operations and service functions to build the platform for European and wider scaling.

In October 2022 the Group announced the launch of its new Pure Advance range of products, which it firmly believes will revolutionise the scooter market and increase the rate of mass adoption.

These investments therefore mean the Group is exceptionally well placed to capitalise on the micromobility megatrend and take market share at pace with a market-leading product and highly capable functional teams in sales, marketing, operations and supporting services.

As a result of the costs associated with developing this platform for growth, operating losses increased from £8.8m to £13.9m.

The announcement of store closures in favour of third party retail in 2022 has reduced the overall cost base by £4m and the Company continues to scrutinise all other overheads to minimise losses and conserve cash.

**Summary of key performance indicators (KPI's):**

The directors monitor various financial and non-financial KPI's to ensure that the business' performance progresses in line with its expectations to deliver its operational, financial and strategic objectives. The directors monitor KPI's in the following areas:

- Sales and gross margin performance
- Contribution per unit performance
- Customer acquisition costs
- Customer and product reviews
- Cash and working capital management
- Colleague engagement
- Product quality
- Health & safety

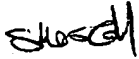
**Future developments**

The Company has just started production of both its new generation Pure Air and Pure Air Pro scooters and its new Pure Advance scooter range and is in ongoing negotiations with a number of third-party retailers to establish sell-in plans for March 2023 and beyond. This represents Pure's first fully ground-up designed scooter, which the directors believe will transform the category and position the Group for a rapid transition to profitability.

**PURE ELECTRIC LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**For the Financial year ended 28 February 2022**

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Approved by the Board of Directors and signed on its behalf by:



SD Marshall

Director

New Farm Offices

Hartlake

Glastonbury

Somerset

BA69AB

United Kingdom

20 December 2022

**PURE ELECTRIC LIMITED**  
**DIRECTORS' REPORT**  
**For the Financial year ended 28 February 2022**

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The directors present their annual report and the audited financial statements of the Company for the financial year ended 28 February 2022.

**STRATEGIC REPORT**

The directors have chosen to present the following information required under Schedule 7 of the 'Large and Medium-sized Companies Regulations 2008' within the strategic report:

- Principal activities
- Future developments

**DIVIDENDS**

The Company and Group paid no dividends in the year (year ended 28 February 2021 – Nil).

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

A key objective of the directors is to manage the financial risks of the business as it builds towards break-even. The principal risks to which the business is currently exposed are:

**Solvency and liquidity risk:** The business is currently loss-making and has to date relied on investment from the founder via Horatio Investments Limited. In order to anticipate all cash requirements, the business has short, medium and long term financial plans in place.

In September 2022, the Company commenced an external capital raise which has to date raised £8m. In addition, Horatio Investments Ltd has provided a letter of support for the further £9m it is anticipated the business will need to continue trading over the next 12 months. The business anticipates a further external capital raise in the next 6-12 months.

The business also has access to a £12.5m inventory and invoice financing facility which was £2.0m drawn at the year end, and to supplier credit terms.

**Exchange rate risk:** The business incurs product cost in local currency (predominantly Chinese RMB) from the relationship with its China-based contract manufacturing partner and is therefore exposed to currency risk. Whilst the business has not historically conducted hedging activities, it has now embarked on a hedging strategy to protect against currency volatility.

The business does not currently have material exposure to the following but will likely develop an exposure over the coming 12 months:

**Credit risk:** The increasing level of third-party retailer sales is increasing the Company's exposure to credit risk. The Company considers the credit-worthiness of all new customers and, where appropriate, seeks credit insurance.

**Interest rate risk:** The Company has a £12.5m inventory and invoice finance funding from Secure Trust Bank that is subject to interest rates premiums above variable base rates. Whilst the facility is currently only £2.0m drawn, the exposure to interest rate movements will increase as inventory and receivables balances increase over the coming 12 months. Where the business takes on a core working capital facility, it will consider hedging interest rate risk.

**PURE ELECTRIC LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**  
**For the Financial year ended 28 February 2022**

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**RESEARCH AND DEVELOPMENT**

At the heart of the Group's objective to be the leading global scooter brand is its development of market-leading mass premium products through genuine and fundamental innovation. No-one understands riders' needs better than the Group's expert team of engineers, who are at the forefront of scooter technology and development.

Industrial design and engineering expertise is utilised to advance the ride and usability of the products; powertrain experts are developing the power dense motor and batteries to improve weight and performance; and electronics engineers are delivering new interactive features. Wherever possible the IP generated is patented to ensure we maintain the market leading performance and features. That is why we manufacture the most awarded scooter in the UK and were recently awarded the best scooter under €800 in France by Le Figaro.

Our colleagues are focused on supporting this research and development to bring the best possible products to market.

In October 2022 the Group announced the launch of its new Pure Advance, a range of products with a unique, flexible, forward-facing design for a safer more stable ride, which the Group firmly believes will revolutionise the scooter market and increase the rate of mass adoption.

**GOING CONCERN**

Since the balance sheet date, the UK government announced in the Queen's Speech on May 10th 2022 that "Her Majesty's government will improve transport across the United Kingdom, delivering safer, cleaner services and enabling more innovation."

Following this statement, in the House of Lords on Wednesday May 11th, Baroness Vere shared:

*"Safety is also at the heart of our plans, to create a regulatory framework for smaller, lighter, zero emission vehicles, sometimes known as e-scooters. My Lords, their popularity is clear, and new rules are needed to improve safety and crack down on illegal use, whilst unlocking innovation and growth in this emerging multi-billion pound industry. To that end it is our intention that this bill will create a low speed, zero emission vehicle category that is independent from the cycle and motor vehicle categories. New powers would allow the government to decide the vehicles that fall into this new category in the future and how they are regulated to make sure they are safe to use. We hope that e-scooters will be the first of these vehicles."*

This confirms the directors' view that e-scooters are approaching legalisation in the UK and that the company will benefit significantly from first mover advantage with a range of differentiated e-scooter products on legalisation.

To date the business has been funded solely by the majority shareholder, PST Holdings Limited ("PST"), through its ultimate parent company, Horatio Investments Ltd. In the last financial year the company made an operating loss of £13.9m and required funding of £15m. PST has invested a further £7.9m since the balance sheet date.

PST commenced a funding round in September 2022 to raise a minimum of £10m and to date has raised £8m.

On 4 November 2022, the company restructured its £10m inventory financing facility with Secure Trust Bank (originally entered into on 17 December 2021). Under this restructure the facility was increased to £12.5m and was extended to cover Belgian-based stock (from which PEL supplies its fellow group French and Belgian businesses) and UK invoice financing. The latter will support the working capital requirement of PEL's strategic move from physical owned retail into third party retail. This facility is secured by a fixed and floating charge over the assets of the Company and was £2.0m drawn at the signing of the accounts.

Current forecasts show that the business will continue to require ongoing funding to continue to trade as a going concern until it benefits from the legalisation of scooters in the UK, and the directors remain confident of securing capital to fund its path to profitability and cash generation.

**PURE ELECTRIC LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**  
**For the Financial year ended 28 February 2022**

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**GOING CONCERN CONTINUED**

The business is also preparing to be able to trade through the next 12 month period without recourse to any further external equity raise. The significant reduction in fixed costs from its restructure will reduce the cash burn of the business over the coming year and the business is confident that its new range will perform well.

Having considered the cash requirements for the next 12 months and having considered the key uncertainties that the business will face over that period, the ultimate shareholder has committed to a further funding of £9m (to be reduced by any further capital raised through any other third parties over that period). The directors are of the opinion that this will provide a secure runway to a future larger external raise that will allow the business to grow at pace and scale.

The directors have considered a number of key uncertainties and sensitivities in their financial forecasts, including the timing of legalisation and its impact on trading; unit profitability as the business establishes its brand; the ability to sell at volume without recourse to significant brand expenditure; and the current macroeconomic backdrop including the current inflationary environment; higher interest rates; rising energy costs; and the economic volatility following Russia and Ukraine conflict.

The business has also considered the opportunities to open new revenue streams and to flex costs to mitigate the impacts of the uncertainties outlined above.

Under these sensitised scenarios the business is able to operate within its funding commitments, including those within the support letter provided by the shareholder.

Notwithstanding these uncertainties, the business has an expert team and a market-leading product in a high-growth category.

As a result the directors have prepared the accounts on a going concern basis.

**EVENTS AFTER THE BALANCE SHEET DATE TRANSACTIONS**

Since the balance sheet date, the UK government announced in the Queen's Speech on May 10th 2022 that "Her Majesty's government will improve transport across the United Kingdom, delivering safer, cleaner services and enabling more innovation."

Following this statement, in the House of Lords on Wednesday May 11th, Baroness Vere shared:

*"Safety is also at the heart of our plans, to create a regulatory framework for smaller, lighter, zero emission vehicles, sometimes known as e-scooters. My Lords, their popularity is clear, and new rules are needed to improve safety and crack down on illegal use, whilst unlocking innovation and growth in this emerging multi-billion pound industry. To that end it is our intention that this bill will create a low speed, zero omission vehicle category that is independent from the cycle and motor vehicle categories. New powers would allow the government to decide the vehicles that fall into this new category in the future and how they are regulated to make sure they are safe to use. We hope that e-scooters will be the first of these vehicles."*

This confirms the directors' view that escooters are approaching legalisation in the UK and that the company will benefit significantly from first mover advantage with a range of differentiated escooter products on legalisation.

To fully exploit this opportunity, the business announced on 4 July 2022 that it would restructure to focus exclusively on its own brand escooter development and sales through direct to consumer and third party retail channels. As a result, the Company has concluded the closure of all but one of its stores. With its new differentiated own brand scooter products coming to market in Q2 2023, this positions the group in an unrivalled position to exploit the incipient micromobility trends and become the leading global escooter brand.

During the year ending 28<sup>th</sup> February 2023, the company envisages an associated write-down of retail store assets of £229,196 at the balance sheet date.

**PURE ELECTRIC LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**  
**For the Financial year ended 28 February 2022**

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**EVENTS AFTER THE BALANCE SHEET DATE TRANSACTIONS CONTINUED**

To date the business has been funded solely by the majority shareholder, PST Holdings Limited ("PST"), through its ultimate parent company, Horatio Investments Ltd. In the last financial year the company made an operating loss of £13.9m and required funding of £15m. PST has invested a further £7.9m since the balance sheet date.

PST commenced a funding round in September 2022 to raise a minimum of £10m and to date has raised £8m.

On 4 November 2022, the company restructured its £10m inventory financing facility with Secure Trust Bank (originally entered into on 17 December 2021). Under this restructure the facility was increased to £12.5m and was extended to cover Belgian-based stock (from which PEL supplies its fellow group French and Belgian businesses) and UK invoice financing. The latter will support the working capital requirement of PEL's strategic move from physical owned retail into third party retail. This facility is secured by a fixed and floating charge over the assets of the Company and was £2.0m drawn at the signing of the accounts.

**DIRECTORS.**

The directors, who served during the financial year and to the date of this report except as noted, were as follows:

S D Marshall	(Appointed 01 November 2021)
M A Bowles	(Resigned 01 November 2021)
T P Carroll	(Resigned 26 March 2021)
P Davis	(Resigned 28 June 2021)
R E Deniro	(Appointed 26 March 2021; resigned 25 August 2022)
P Kimberley	(Resigned 10 March 2021)

**DIRECTORS INDEMNITIES.**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the prior financial year and remain in force at the date of this report.

**AUDITOR**

Each of the persons who is a director at the date of approval of this report confirms that:

- So far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The directors 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 Company's auditor is aware of that information.

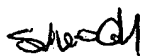
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP are the appointed auditors and have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

**PURE ELECTRIC LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**  
**For the Financial year ended 28 February 2022**

---

Approved by the Board of Directors and signed on its behalf by:



SD Marshall

Director

New Farm Offices

Hartlake

Glastonbury

Somerset

BA69AB

United Kingdom

20 December 2022

**PURE ELECTRIC LIMITED**  
**DIRECTORS' RESPONSIBILITIES STATEMENT**  
**For the Financial year ended 28 February 2022**

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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), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
PURE ELECTRIC LIMITED**

**For the Financial year ended 28 February 2022**

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**Independent auditor's report to the members of Pure Electric Limited**

**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of Pure Electric Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 28 February 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and Loss Account;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We 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 Financial Reporting Council's (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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

### PURE ELECTRIC LIMITED (CONTINUED)

For the Financial year ended 28 February 2022

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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 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.

#### **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.

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 auditor's report.

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

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and general counsel about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

### **PURE ELECTRIC LIMITED (CONTINUED)**

**For the Financial year ended 28 February 2022**

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We discussed among the audit engagement team including relevant internal specialists such as tax regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Accuracy and occurrence of revenue – design and implementation of controls have been tested around revenue recognition and revenue has been agreed to external monthly sales reports.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

#### **Report on other legal and regulatory requirements**

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

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

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

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

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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters


**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
PURE ELECTRIC LIMITED (CONTINUED)**

**For the Financial year ended 28 February 2022**

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**Use of our report**

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

DocuSigned by:  
  
7012580DDC6F4DD...

**Andrew Wright FCA (Senior statutory auditor)**  
**For and on behalf of Deloitte LLP**  
**Statutory Auditor**  
**Bristol, United Kingdom**  
**Date: 20<sup>th</sup> December 2022**

**PURE ELECTRIC LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**For the Financial year ended 28 February 2022**

	<b>Note</b>	<b>Year ended 28.02.2022 £</b>	<b>Year ended 28.02.2021 £</b>
<b>Turnover</b>	<b>3</b>	<b>28,279,864</b>	<b>31,062,699</b>
<b>Cost of sales</b>		<b>(25,220,672)</b>	<b>(28,285,150)</b>
<b>Gross profit</b>		<b>3,059,192</b>	<b>2,777,549</b>
<b>Administrative expenses</b>		<b>(16,999,166)</b>	<b>(11,553,489)</b>
<b>Other operating income</b>	<b>5</b>	<b>5,692</b>	<b>3,347</b>
<b>Operating loss</b>		<b>(13,934,282)</b>	<b>(8,772,593)</b>
<b>Finance costs</b>	<b>6</b>	<b>(119,917)</b>	<b>(26,729)</b>
<b>Loss before taxation</b>		<b>(14,054,199)</b>	<b>(8,799,322)</b>
<b>Tax on loss</b>	<b>7</b>	<b>-</b>	<b>(133,438)</b>
<b>Loss for the financial year</b>		<b>(14,054,199)</b>	<b>(8,932,760)</b>

There was no comprehensive income/(expense) for the year ending 28<sup>th</sup> February 2022, or 2021.

Amortisation of intangibles is included within administrative expenses and totaled £201,326 for the year ending 28<sup>th</sup> February 2022 (2021: £31,764).

**PURE ELECTRIC LIMITED**  
**BALANCE SHEET**  
For the Financial year ended 28 February 2022

	Note	28.02.2022 £	28.02.2021 £
<b>Fixed assets</b>			
Intangible assets	9	858,791	852,913
Tangible assets	10	578,499	801,690
		<u>1,437,290</u>	<u>1,654,603</u>
<b>Current assets</b>		-	-
Stocks	11	12,150,796	11,120,385
Debtors due within one year	12	11,793,207	3,778,211
Cash at bank and in hand		794,551	1,604,492
		<u>24,738,554</u>	<u>16,503,088</u>
<b>Creditors</b>			
Amounts falling due within one year	13	(53,688,652)	(31,623,432)
<b>Net currents liabilities</b>		<u>(28,950,098)</u>	<u>(15,120,344)</u>
<b>Total assets less current liabilities</b>		<u>(27,512,808)</u>	<u>(13,465,741)</u>
<b>Creditors</b>			
Provision for liabilities	14	(174,729)	(167,597)
<b>Net liabilities</b>		<u>(27,687,537)</u>	<u>(13,633,338)</u>
<b>Capital and reserves</b>			
Called up share capital (100 shares)		1	1
Profit and loss account		(27,687,538)	(13,633,339)
<b>Total shareholder's deficit</b>		<u>(27,687,537)</u>	<u>(13,633,338)</u>

In the prior year accounts, a long-term creditor balance of £28,371,168 was disclosed. In the current year accounts, this comparative figure has been reclassified into current creditor. This reflects the terms of borrowings with parent and group undertakings, which have always been unsecured, interest free and repayable on demand.

The financial statements of Pure Electric Limited (registered number: 11634997) were approved and authorised for issue by the Board of Directors on 20 December 2022. They were signed on its behalf by:



S.D.Marshall

Director

**PURE ELECTRIC LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
For the Financial year ended 28 February 2022

	Called-up share capital £	Profit and loss account £	Total £
<b>At 01 March 2020</b>	<b>1</b>	<b>(4,700,579)</b>	<b>(4,700,578)</b>
Loss for the financial year	-	(8,932,760)	(8,932,760)
<b>Total comprehensive expense</b>	<b>-</b>	<b>(8,932,760)</b>	<b>(8,932,760)</b>
<b>At 28 February 2021</b>	<b>1</b>	<b>(13,633,339)</b>	<b>(13,633,338)</b>
<b>At 01 March 2021</b>	<b>1</b>	<b>(13,633,339)</b>	<b>(13,633,338)</b>
Loss for the financial year	-	(14,054,199)	(14,054,199)
<b>Total comprehensive expense</b>	<b>-</b>	<b>(14,054,199)</b>	<b>(14,054,199)</b>
<b>At 28 February 2022</b>	<b>1</b>	<b>(27,687,538)</b>	<b>(27,687,537)</b>

**PURE ELECTRIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Financial year ended 28 February 2022**

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## **1. Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the financial year and to the preceding financial period.

### **General Information and basis of accounting**

Pure Electric Limited (the Company) is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is New Farm Offices, Hartlake, Glastonbury, Somerset, BA6 9AB, United Kingdom.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council.

The functional currency of Pure Electric limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Please refer to the strategic report for details of the principal activity of the company.

### **Going concern**

Since the balance sheet date, the UK government announced in the Queen's Speech on May 10th 2022 that "Her Majesty's government will improve transport across the United Kingdom, delivering safer, cleaner services and enabling more innovation."

Following this statement, in the House of Lords on Wednesday May 11th, Baroness Vere shared:

*"Safety is also at the heart of our plans, to create a regulatory framework for smaller, lighter, zero emission vehicles, sometimes known as e-scooters. My Lords, their popularity is clear, and new rules are needed to improve safety and crack down on illegal use, whilst unlocking innovation and growth in this emerging multi-billion pound industry. To that end it is our intention that this bill will create a low speed, zero omission vehicle category that is independent from the cycle and motor vehicle categories. New powers would allow the government to decide the vehicles that fall into this new category in the future and how they are regulated to make sure they are safe to use. We hope that e-scooters will be the first of these vehicles."*

This confirms the directors' view that e-scooters are approaching legalisation in the UK and that the company will benefit significantly from first mover advantage with a range of differentiated e-scooter products on legalisation.

The directors have received indications that, despite the change in Prime Minister, the intention remains to legalise escooters as previously indicated under the Johnson premiership.

To date the business has been funded solely by the majority shareholder, PST Holdings Limited ("PST"), through its ultimate parent company, Horatio Investments Ltd. In the last financial year the company made an operating loss of £13.9m and required funding of £15m. PST has invested a further £7.9m since the balance sheet date.

PST commenced a funding round in September 2022 to raise a minimum of £10m and to date has raised £8m.

**PURE ELECTRIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Financial year ended 28 February 2022**

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**Going concern continued**

On 4 November 2022, the company restructured its £10m inventory financing facility with Secure Trust Bank (originally entered into on 17 December 2021). Under this restructure the facility was increased to £12.5m and was extended to cover Belgian-based stock (from which PEL supplies its fellow group French and Belgian businesses) and UK invoice financing. The latter will support the working capital requirement of PEL's strategic move from physical owned retail into third party retail. This facility is secured by a fixed and floating charge over the assets of the Company and was £2.0m drawn at the signing of the accounts.

Current forecasts show that the business will continue to require ongoing funding to continue to trade as a going concern until it benefits from the legalisation of escooters in the UK, and the directors remain confident of securing capital to fund its path to profitability and cash generation.

The business is also preparing to be able to trade through the next 12 month period without recourse to any further external equity raise. The significant reduction in fixed costs from its restructure will reduce the cash burn of the business over the coming year and the business is confident that its new range will perform well.

Having considered the cash requirements for the next 12 months and having considered the key uncertainties that the business will face over that period, the ultimate shareholder has committed to a further funding of £9m (to be reduced by any further capital raised through any other third parties over that period). The directors are of the opinion that this will provide a secure runway to a future larger external raise that will allow the business to grow at pace and scale.

The directors have considered a number of key uncertainties and sensitivities in their financial forecasts, including the timing of legalisation and its impact on trading; unit profitability as the business establishes its brand; the ability to sell at volume without recourse to significant brand expenditure; and the current macroeconomic backdrop including the current inflationary environment; higher interest rates; rising energy costs; and the economic volatility following Russia and Ukraine conflict.

The business has also considered the opportunities to open new revenue streams and to flex costs to mitigate the impacts of the uncertainties outlined above.

Under these sensitised scenarios the business is able to operate within its funding commitments, including those within the support letter provided by the shareholder.

Notwithstanding these uncertainties, the business has an expert team and a market-leading product in a high-growth category and believes that the growth potential over the coming year is significant.

As a result the directors feel that the business is uniquely positioned for success, and on this basis the accounts have been prepared on a going concern basis.

**Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in the Profit and Loss Account in the period in which they arise except for exchange differences arising on gains or losses on non-monetary items which are recognised in the Statement of Comprehensive Income.

**PURE ELECTRIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Financial year ended 28 February 2022**

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**Turnover**

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the Balance Sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the Balance Sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred Income and Included as part of creditors due within one year.

**Employee benefits**

***Defined contribution schemes***

The Company operates a defined contribution scheme. The amount charged to the Profit and Loss Account in respect of pension costs and other post-retirement benefits is the contributions payable in the financial year. Differences between contributions payable in the financial year and contributions actually paid are included as either accruals or prepayments in the Balance Sheet.

**Finance costs**

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**Taxation**

***Current tax***

Current tax is provided at amounts expected to be paid (or recoverable) using the tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date.

***Deferred tax***

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the Company's financial statements. Deferred tax is provided in full on timing differences which result in an obligation to pay more or less tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

Deferred tax assets and liabilities are not discounted.

**Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life and relate to computer software, amortised at 20% per annum

**PURE ELECTRIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Financial year ended 28 February 2022**

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**Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. The cost of tangible fixed assets includes directly attributable incremental costs incurred in their acquisition and installation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Office equipment - 20-33% per annum

Fixtures and fittings - 20% per annum

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

**Leases**

***The Company as lessee***

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

**Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each Balance Sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Profit and Loss Account as described below.

***Non-financial assets***

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

***Financial assets***

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognized.

**PURE ELECTRIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Financial year ended 28 February 2022**

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**Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average method.

The cost of finished goods and work in progress comprises different 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, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in the Profit and Loss Account.

**Financial Instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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.

**(i) Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the Profit and loss Account, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are offset in the Balance Sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

The nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

**(ii) Equity instruments**

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of transaction costs.

**PURE ELECTRIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Financial year ended 28 February 2022**

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**Government grants**

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised in income in the period in which it becomes receivable. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

**Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) 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 Balance Sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**2. Critical accounting judgements and key sources of estimation uncertainty**

The directors do not consider that any critical accounting judgements, or key sources of estimation uncertainty have been identified, that have a significant risk of causing a material misstatement to the carrying amount of assets and liabilities within the financial year.

**3. Turnover**

An analysis of the value of Group turnover by geographical market is set out below

	Year ended 28.02.2022	Year ended 28.02.2021
Turnover:	£	£
United Kingdom	27,744,616	27,346,624
Spain	41,042	1,017,755
Belgium	494,206	2,698,320
	<u>28,279,864</u>	<u>31,062,699</u>

**PURE ELECTRIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the Financial year ended 28 February 2022

**3. Turnover continued**

An analysis of the value of the Company's turnover by nature is set out below

	Year ended 28.02.2022	Year ended 28.02.2021
<b>Turnover:</b>	<b>£</b>	<b>£</b>
Sale of goods	27,494,023	30,442,035
Sale of services	785,841	620,664
<b>Total Turnover</b>	<b>28,279,864</b>	<b>31,062,699</b>

**4. Employees**

	Year ended 28.02.2022	Year ended 28.02.2021
	Number	Number
Monthly average number of persons employed by the Company during the year, including directors by department		
Head office	85	62
Stores	124	80
	<b>209</b>	<b>142</b>

	Year ended 28.02.2022	Year ended 28.02.2021
	£	£
Wages and salaries	7,338,676	5,233,221
Pension contributions	186,165	139,080
Social security	706,606	474,442
	<b>8,231,447</b>	<b>5,846,743</b>

See note 16 for details of directors' emoluments paid in the current year and prior period. In addition, two directors were remunerated by another member of the Group for their services to the Group. It is not possible to split amounts between services to each company individually. Full disclosure of amounts payable to directors is included in note 7 of the financial statements of PST Holdings Limited.

**PURE ELECTRIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the Financial year ended 28 February 2022

**5. Other operating income**

	Year ended 28.02.2022	Year ended 28.02.2021
	£	£
UK Government's Coronavirus Job Retention Scheme Grants	5,692	3,347

In March 2020 the UK Government made available Coronavirus Job Retention Scheme (CJRS) grants to enable businesses whose trading volumes were impacted by the Covid-19 national and regional lockdowns to retain staff who were unable to work. The company utilised this scheme and secured grants totalling £5,692 (Year ended 28<sup>th</sup> February 2021: £3,347). There are no unfulfilled conditions or other contingencies attaching to these grants

**6. Finance costs**

	Year ended 28.02.2022	Year ended 28.02.2021
	£	£
Interest payable on bank loans (note 13)	29,207	-
Other similar expenses	90,710	26,729
Interest payable and similar expenses	119,917	26,729

**7. Taxation before loss**

Loss before taxation is stated after charging/(crediting):

	Year ended 28.02.2022	Year ended 28.02.2021
	£	£
Audit fees payable in relation to preparing the Company's annual financial statements	40,000	31,000
Tax fees payable in relation to preparing the Company's annual financial	6,325	6,950
Amortisation (note 9)	201,326	31,764
Depreciation (note 10)	282,256	132,002
Gains on disposal of tangible assets	(303)	-
Lease payments	1,918,182	972,032
Government grants received (note 5)	(5,692)	(3,347)
Total	2,442,094	1,170,401

**PURE ELECTRIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the Financial year ended 28 February 2022

**8. Taxation**

	Year ended 28.02.2022	Year ended 28.02.2021
	£	£
<b>Current tax</b>		
UK Corporation tax on profits for the year	-	-
Foreign corporation tax on profits for the year	-	-
Total current tax	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	133,438
Total deferred tax	<u>-</u>	<u>133,438</u>
<b>Tax on loss</b>	<u>-</u>	<u>133,438</u>

**9. Intangible Assets**

	Computer software £	Total £
<b>Cost</b>		
At 01 March 2021	884,677	884,677
Additions in the financial year	207,204	207,204
At 28 February 2022	<u>1,091,881</u>	<u>1,091,881</u>
<b>Accumulated amortisation</b>		
At 01 March 2021	31,764	31,764
Charge for the financial year	201,326	201,326
At 28 February 2022	<u>233,090</u>	<u>233,090</u>
<b>Net book value</b>		
At 28 February 2022	<u>858,791</u>	<u>858,791</u>
At 28 February 2021	<u>852,913</u>	<u>852,913</u>

**PURE ELECTRIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the Financial year ended 28 February 2022

**10. Tangible Assets**

	<b>Vehicles</b>	<b>Fixtures and fittings</b>	<b>Office equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
At 01 March 2021	158,852	258,551	561,575	978,978
Additions in the financial year		140,057	73,155	213,212
Disposals	(158,852)	(4,715)	(18,286)	(181,853)
<b>At 28 February 2022</b>	<b>-</b>	<b>393,893</b>	<b>616,444</b>	<b>1,010,337</b>
<b>Accumulated depreciation</b>				
At 01 March 2021	8,472	56,988	111,828	177,288
Charge for the financial year		62,459	219,797	282,256
On disposals	(8,472)	(948)	(18,286)	(27,706)
<b>At 28 February 2022</b>	<b>-</b>	<b>118,499</b>	<b>313,339</b>	<b>431,838</b>
<b>Net book value</b>				
<b>At 28 February 2022</b>	<b>-</b>	<b>275,394</b>	<b>303,105</b>	<b>578,499</b>
At 28 February 2021	150,380	201,563	449,747	801,690

During the financial year ending 28<sup>th</sup> February 2023, 16 stores were closed, resulting in a tangible asset write off for fixtures, fittings and equipment. The company envisages an associated write-down of retail store assets of £229,196 at the balance sheet date. The NBV of these assets on 28<sup>th</sup> February 2022 totalled £256,643 (fixtures and fittings £192,106 & equipment £64,537). Refer to note 15, events after the balance sheet date, for further details.

**11. Stocks**

	<b>Year ended 28.02.2022</b>	<b>Year ended 28.02.2021</b>
	<b>£</b>	<b>£</b>
<b>Stocks</b>	<b>12,150,796</b>	<b>11,120,385</b>

There are no material differences between the replacement cost of stock and the Balance Sheet amounts.

**PURE ELECTRIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Financial year ended 28 February 2022**

**12. Debtors**

	28.02.2022	28.02.2021
	£	£
<b>Debtors: amounts falling due within one year</b>		
Trade debtors	1,138,865	550,637
Amounts owed by Parent Undertakings	-	201,060
Amounts owed by fellow subsidiaries	9,790,598	1,475,652
Amounts owed by related parties	71,933	58,065
Prepayments	208,232	203,127
Other taxation and social security	-	655,189
Other debtors	583,579	634,481
	<b>11,793,207</b>	<b>3,778,211</b>

Amounts owed by fellow subsidiary, related parties and parent undertakings are unsecured, interest free and repayable on demand.

**13. Creditors: amounts falling due within one year**

	28.02.2022	28.02.2021
	£	£
Trade creditors	4,303,826	1,153,640
Other creditors	97,333	114,297
Accruals	2,408,835	1,824,465
Other taxation and social security	286,888	159,862
Inventory financing facility	3,174,314	-
Amounts owed to Parent Undertakings	43,417,455	28,371,168
	<b>53,688,652</b>	<b>31,623,432</b>

In the prior year accounts, a long-term creditor balance of £28,371,168 was disclosed. In the current year accounts, this comparative figure has been reclassified into current creditor. This reflects the terms of borrowings with parent and group undertakings, which have always been unsecured, interest free and repayable on demand.

The inventory financing facility was established with Secure Trust Bank on 17 December 2021, with a minimum contracted term of three years from the commencement date. Interest is charged at 3.95% over the Bank of England Base Rate. The facility is secured by a fixed and floating charge over all assets of the company and is repayable on demand. The level of facility is derived from the value of on hand and in-transit stock. The balance of the facility outstanding with Secure Trust bank at the year end was £3,411,350 (2021: £0). Capitalised fees relating to the establishment of the facility are being amortised over the three-year term; the balance of £237,036 (2021: £0) has been offset against the facility balance at the 28<sup>th</sup> February 2022.

**PURE ELECTRIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the Financial year ended 28 February 2022

**14. Provision for liabilities**

	Dilapidation provision £
At 01 March 2021	167,597
Charged to the profit and loss account	7,132
At 28 <sup>th</sup> February 2022	<u>174,729</u>

**15. Financial commitments**

**Commitments**

Total future minimum lease payments under non-cancellable operating leases are as follows:

	28.02.2022 £	28.02.2021 £
- Within one year	958,256	923,664
- Between one and five years	1,522,642	2,184,281
- After five years	-	431,026
	<u>2,480,898</u>	<u>3,538,971</u>

**16. Related party transactions**

**Transactions with owners holding a participating interest in the entity**

	28.02.2022 £	28.02.2021 £
Amounts owed to Horatio Investments Limited	25,467	117,916
Amounts owed by Trade-Up Limited*	303,771	58,065
Sale of goods/services to Horatio Investments Limited	48	46,503
Sale of goods/services to Trade-Up Limited*	804,032	58,065
Sale of goods/services from Horatio Investments Limited	(545,889)	(174,055)
Sale of goods/services from Trade-up Limited*	(11,668)	-

\*previously named Moose Limited.

**PURE ELECTRIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Financial year ended 28 February 2022**

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**16. Related party transactions continued**

Remuneration of the highest paid director:	Year ended	Year ended
	28.02.2022	28.02.2021
Emoluments	259,724	323,147

Directors' remuneration for the year amounted to £524,711 (2021: £803,805). The directors are the only key management personnel of the Company.

The Company has taken advantage of the exemption granted within Section 33 of FRS 102, which does not require disclosure of transactions between a subsidiary undertaking and other Group undertakings, as 100% of the Company's voting rights are controlled within the Group.

**17. Events after the balance sheet date transactions**

Since the balance sheet date, the UK government announced in the Queen's Speech on May 10th 2022 that "Her Majesty's government will improve transport across the United Kingdom, delivering safer, cleaner services and enabling more innovation."

Following this statement, in the House of Lords on Wednesday May 11th, Baroness Vere shared:

*"Safety is also at the heart of our plans, to create a regulatory framework for smaller, lighter, zero emission vehicles, sometimes known as e-scooters. My Lords, their popularity is clear, and new rules are needed to improve safety and crack down on illegal use, whilst unlocking innovation and growth in this emerging multi-billion pound industry. To that end it is our intention that this bill will create a low speed, zero omission vehicle category that is independent from the cycle and motor vehicle categories. New powers would allow the government to decide the vehicles that fall into this new category in the future and how they are regulated to make sure they are safe to use. We hope that e-scooters will be the first of these vehicles."*

This confirms the directors' view that escooters are approaching legalisation in the UK and that the company will benefit significantly from first mover advantage with a range of differentiated scooter products on legalisation.

To fully exploit this opportunity, the business announced on 4 July 2022 that it would restructure to focus exclusively on its own brand scooter development and sales through direct to consumer and third party retail channels. As a result, it has concluded the closure of all but two of its UK and EU stores. With its new differentiated own brand scooter products coming to market in Q2 2023, this positions the group in an unrivalled position to exploit the incipient micromobility trends and become the leading global scooter brand.

During the year ending 28<sup>th</sup> February 2023, the company envisages an associated write-down of retail store assets of £229,196 at the balance sheet date.

To date the business has been funded solely by the majority shareholder, PST Holdings Limited ("PST"), through its ultimate parent company, Horatio Investments Ltd. In the last financial year the company made an operating loss of £13.9m and required funding of £15m. PST has invested a further £7.9m since the balance sheet date.

PST commenced a funding round in September 2022 to raise a minimum of £10m and to date has raised £8m.

On 4 November 2022, the company restructured its £10m inventory financing facility with Secure Trust Bank (originally entered into on 17 December 2021). Under this restructure the facility was increased to £12.5m and was extended to cover Belgian-based stock (from which PEL supplies its fellow group French and Belgian businesses) and UK invoice financing. The latter will support the working capital requirement of PEL's strategic move from physical owned retail into third party retail. This facility is secured by a fixed and floating charge over the assets of the Company and was £2.0m drawn at the signing of the accounts.

**PURE ELECTRIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**For the Financial year ended 28 February 2022**

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**18. Ultimate controlling party**

The Company's immediate parent company is PST Holdings Limited, a company incorporated in the United Kingdom with the same registered office address as this Company. PST Holdings Limited is the largest and smallest undertaking which consolidates these financial statements. The consolidated financial statements of PST Holdings Limited are available from New Farm Offices, Hartlake, Glastonbury, Somerset, BA6 9AB which is the same address as the company.

The ultimate parent company is Horatio Investments Limited, a company incorporated in the United Kingdom with the same registered office address as this Company.

The ultimate controlling party is A Norris who owns 100% of Horatio Investments Limited.