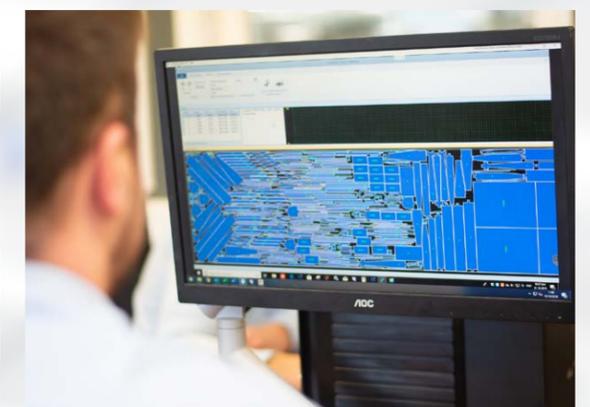
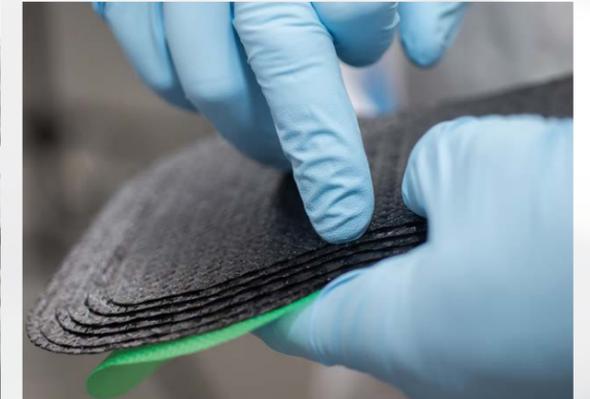


FY20

- Understanding the impact of Covid-19 and stabilising the business
- Right-sizing cost-base accordingly
- New NED & CFO
- Management reorganisation - cash for equity sacrifice
- Continue to develop and invest in our bespoke technology

FY21

- Expect to be EBITDA breakeven by second half of 2021
- Crystallise forecasts and visibility in a post-vaccine world
- Manage the recovery, both existing and new business
- Maintain and take advantage of strong operational gearing



CEO Summary



FY20

- Cost-base right-sized after initially utilising furlough scheme
- Headcount reduced from 132 to 70
- Reorganisation of senior management team and roles
- Strengthened key customer relationships as we worked through disruption
- Robust cash management implemented
- CBIL put in place and term extended
- Net cash remains positive

FY21

- Enhanced proposition confirmed two key customers intent to renew contracts
- Key customer to sign up a new site as part of continued roll out of global supply agreement
- Positive re-engagement from USA prospects
- Innovation - R&D Centre opened to support development of bespoke technology and service offering
- Diversification - explore new proposition offering with our industry partners

Financial Overview

	FY 2020 £000	FY 2019 £000
Revenue	13,561	24,316
Cost of sales	(11,237)	(19,047)
Gross profit	2,324	5,269
Admin Costs	(5,132)	(5,177)
Exceptional admin expense	(341)	(692)
Other income	-	-
Operating loss	(3,149)	(594)
Finance expense	(98)	(58)
Loss before tax	(3,247)	(652)
Adjusted EBITDA profit/(loss) *	(1,931)	834

* Adjusted EBITDA is before charging Interest, Tax, Depreciation & Amortisation, adjusted for exceptional administrative costs and share based payments charge

- Sales decline -44% from underlying demand
- Decrease in gross profit driving profit performance
- Gross margin impacted by stock provisions, but steady underlying
- Driving £3.1m Operating loss and £1.9m adjusted EBITDA
- Cost reductions to impact FY21 numbers

Balance Sheet

	FY 2020 £000	FY 2019 £000
Non current assets	3,017	1,379
Current assets		
- Inventories	1,908	3,177
- Trade & other receivables	2,464	4,224
- Cash and cash equivalents	3,268	3,424
Current liabilities		
- Loans	500	-
- Trade & other payables	1,504	3,223
- Net obligations under finance leases	411	121
Non current liabilities	2,560	169
Net assets	5,682	8,691
Total equity attributable to equity holders	5,682	8,691

- Cash management and control has been key
- £3m movement in Net Assets
- Non-current assets/liabilities impacted by IFRS 16 & capex
- £2.9m reduction in working capital
 - Stock provisions & reduction programme
 - Debtors & creditors reflecting trading and stock utilisation
- Cash stable at £3.3m supporting liquidity

Net Cash / (Debt)	FY 2020 £000	FY 2019 £000
EIS cash	745	1613
Operating cash	523	1811
CBIL cash	2000	-
Total Cash	3,268	3,424
Loans (CBIL/HP/IDF)	(2,355)	(290)
Net Cash / (Debt)	909	3,134

- Maintained net cash position
- Supported by strong cash control, CBIL & Furlough
- Still have headroom - IDF, Stock, Trade creditors

Underlying Demand for Velocity Remains Strong



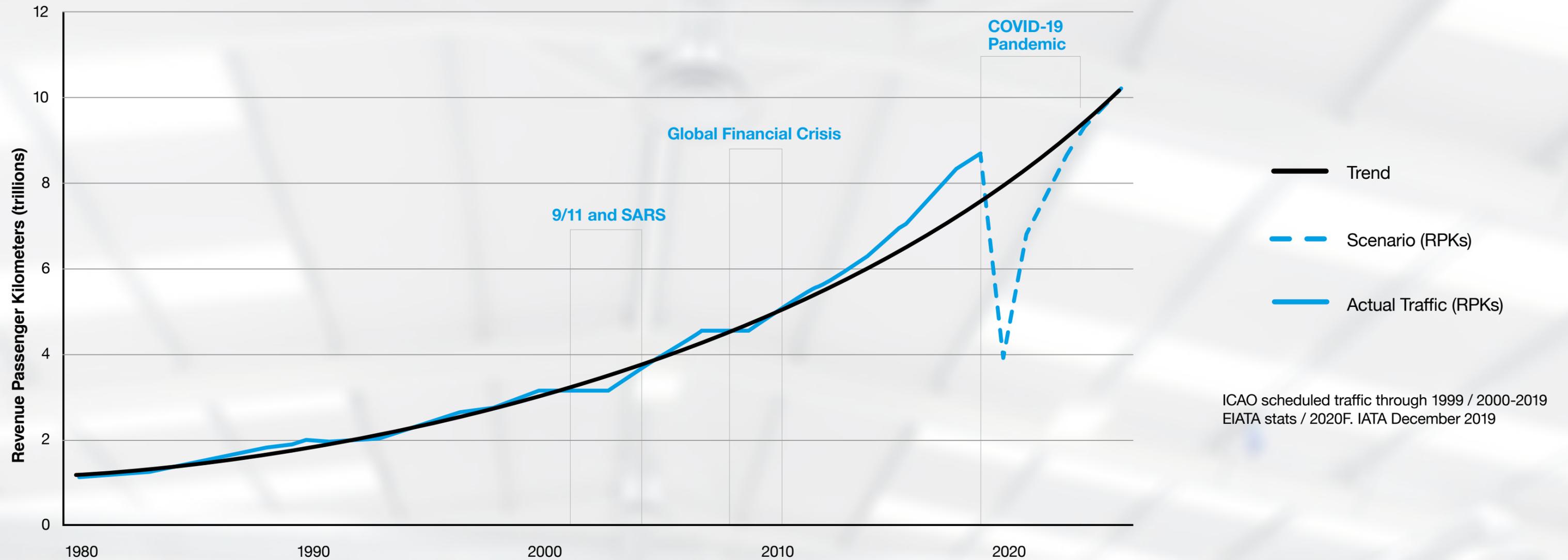
- Strong and growing underlying need for composites
 - in both civil and military applications
- A large proportion of older aircraft have been retired early
 - capacity lost that will need to be replaced
- Velocity service proposition of reducing cost and waste in supply chains has a high value to customers
- Recovery due to two aspects – existing contracts returning to stronger run rates & strong pipeline coming through
- As the industry recovers it will look to supply chain optimisation and outsourcing to rebuild capacity
- Opportunity to utilise the technology with enhanced propositions and different markets



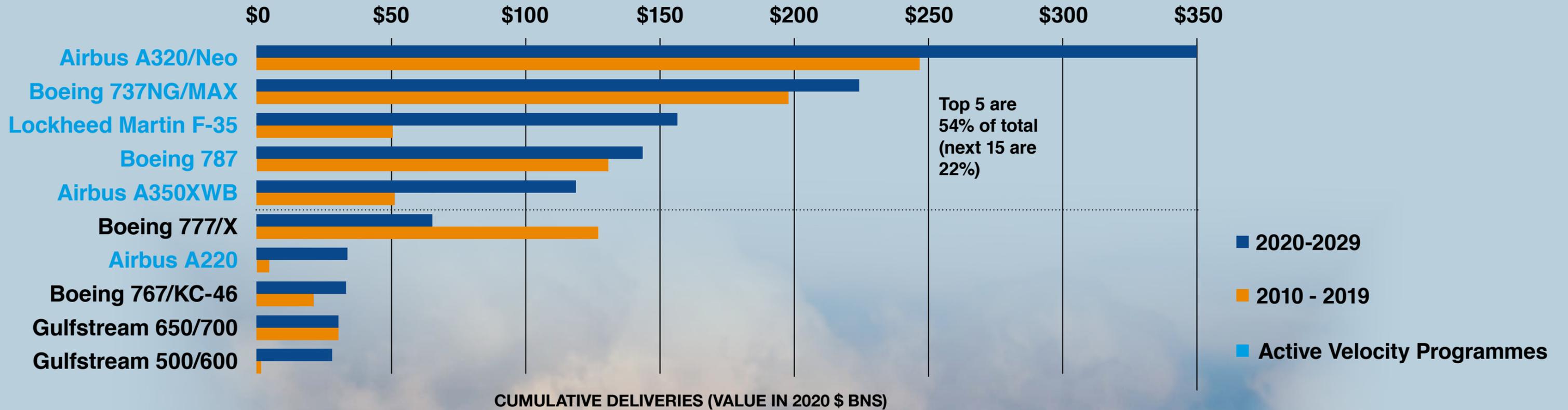
Underlying Demand for Velocity is Still There



Aviation has proven resilient over and over again

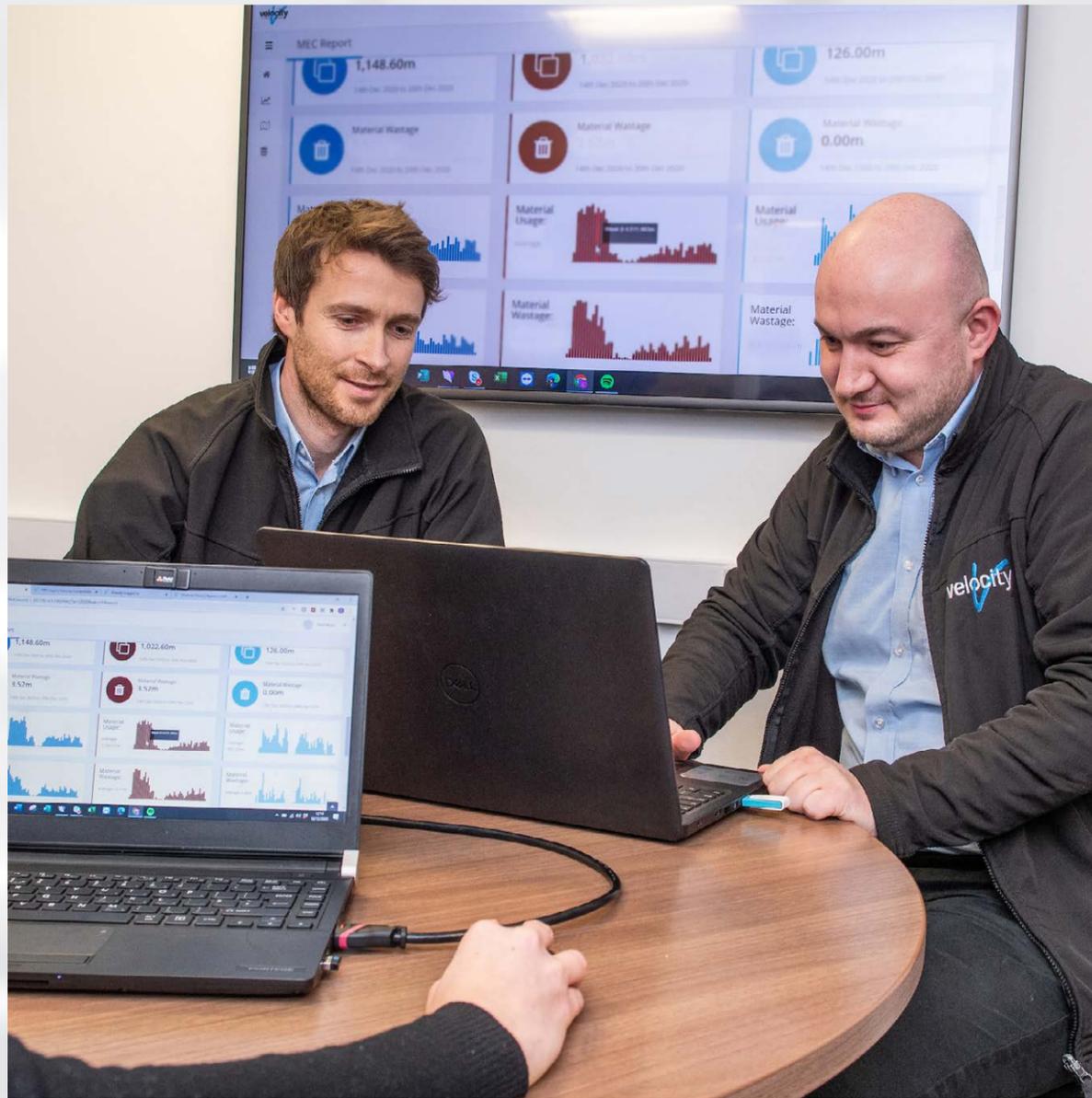


Top 10 Aviation Programmes



SOURCE: AERO MARKET, TEAL GROUP CORPORATION DEC 2020

Strategy Going Forward



- Continued focus around composite air platforms, both civil and military
- Continue to develop bespoke advanced technology and industry 4.0 manufacturing capability
- Strategy validated during Covid-19 disruption
- Increased pressure on OEM's and Tier 1 suppliers as deliveries recover
- Capacity recovery will need outsourcing - greater flexibility to customers than adding back fixed costs
- Post Covid-19 recovery expected to be a positive catalyst for outsourcing
- Annual aircraft deliveries of +\$200 billion

Summary & Outlook



FY20

- Realign around the reduced customer demand, stabilise the business and its cost base.
- Strengthened relationships with suppliers and customers to manage disruption
- UK focussed business development did resume when permitted

FY21

- Tough H1 but expected greater clarity and more favourable conditions H2.
- Targeting to breakeven monthly by end FY21.
- International business development planned to restart when travel permits
- Technology development, strengthened management and high operational gearing puts Velocity in a strong position to support existing and new customers through the recovery



Appendices

velocity
composites plc

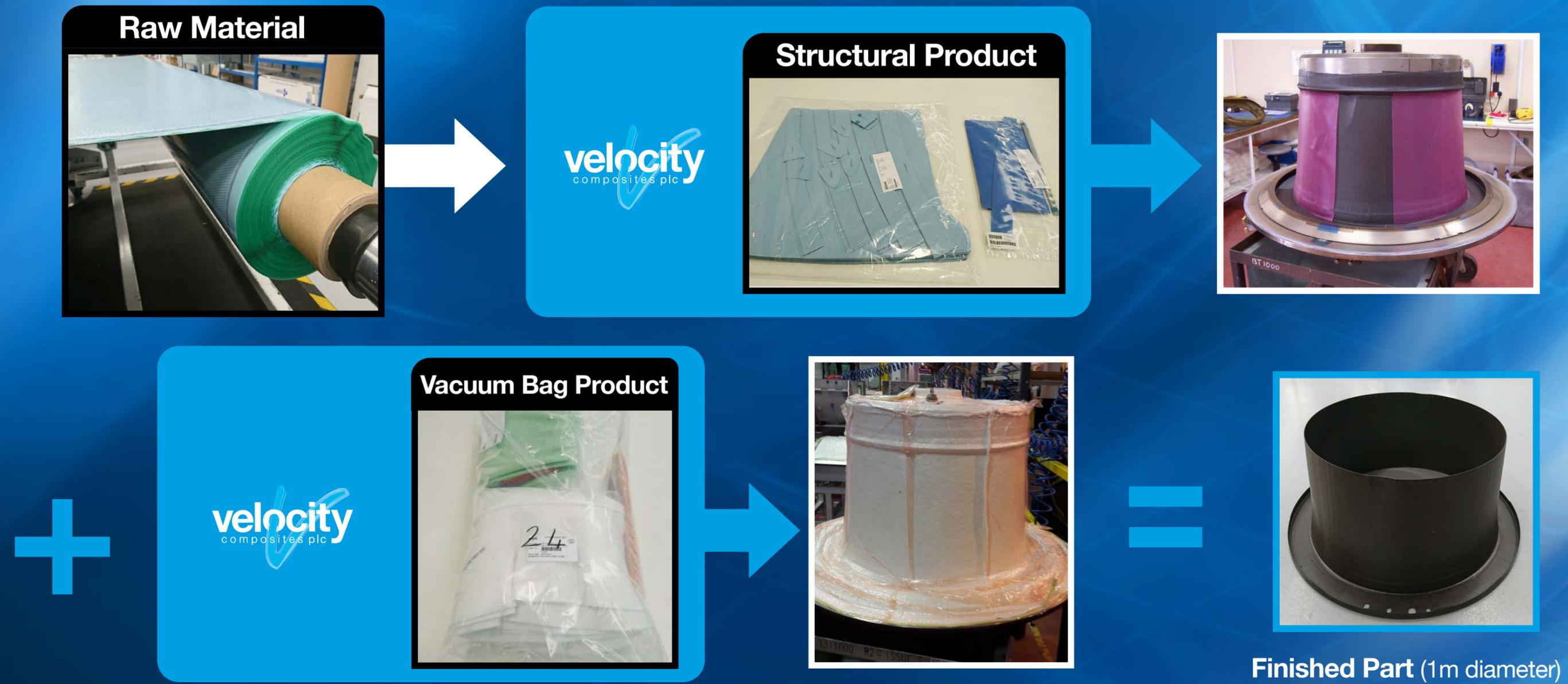


Velocity - What Do We Do?



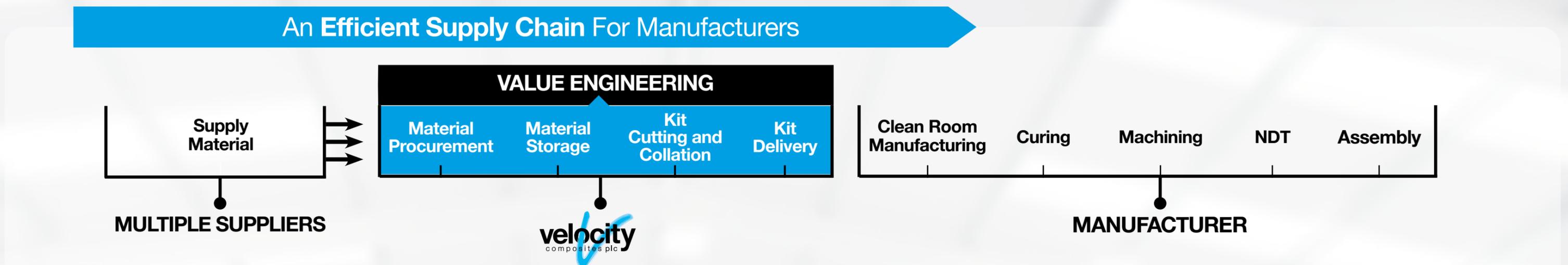
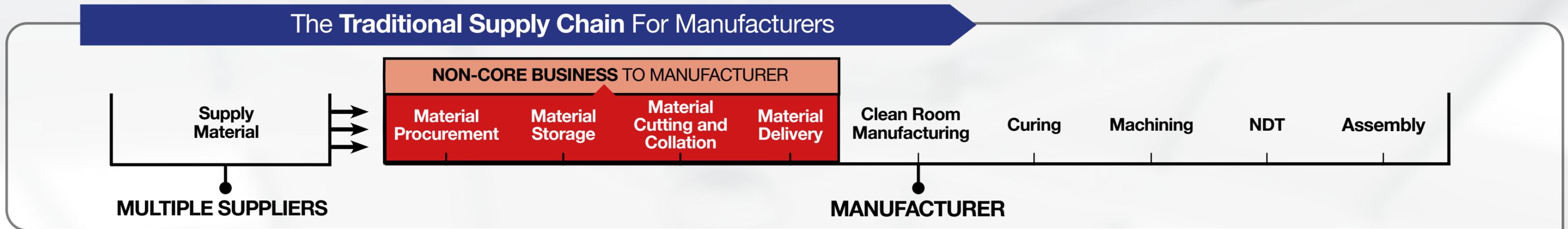
- **Mission:** To revolutionise aerospace and high value composites manufacturing by enabling our customers to reduce waste/costs whilst meeting increased global demand by creating a lean and scalable supply chain in a more-for-less era
- Velocity manufactures highly engineered and consumable kits for use in the production of carbon fibre composite parts for aircraft
- Carbon fibre has seen a step change increase in its use in aircraft and long term aircraft production rates have seen an unprecedented increase
- Velocity uses its industry knowledge and business processes to reduce the amount of raw material and process time our customers need to build aircraft
- Velocity helps manufacturers to reduce costs and increase production rates to help them to meet the challenging targets set by the global aircraft manufacturers to reduce the backlog

Velocity Process



Saving > 10% material and > 20% time

The Composites Manufacturing Process



- **Velocity:**
 - **enables** customers & material suppliers to **focus on their core business**
 - **performs** its core business in a **controlled, cost efficient environment**
 - **becomes a single supplier** for our customers to deal with across a wide range of suppliers
 - **provides a cost effective, just in time service** delivering a **total kit containing all materials**

reduces customer costs whilst generating profits for Velocity

How Velocity Adds Value

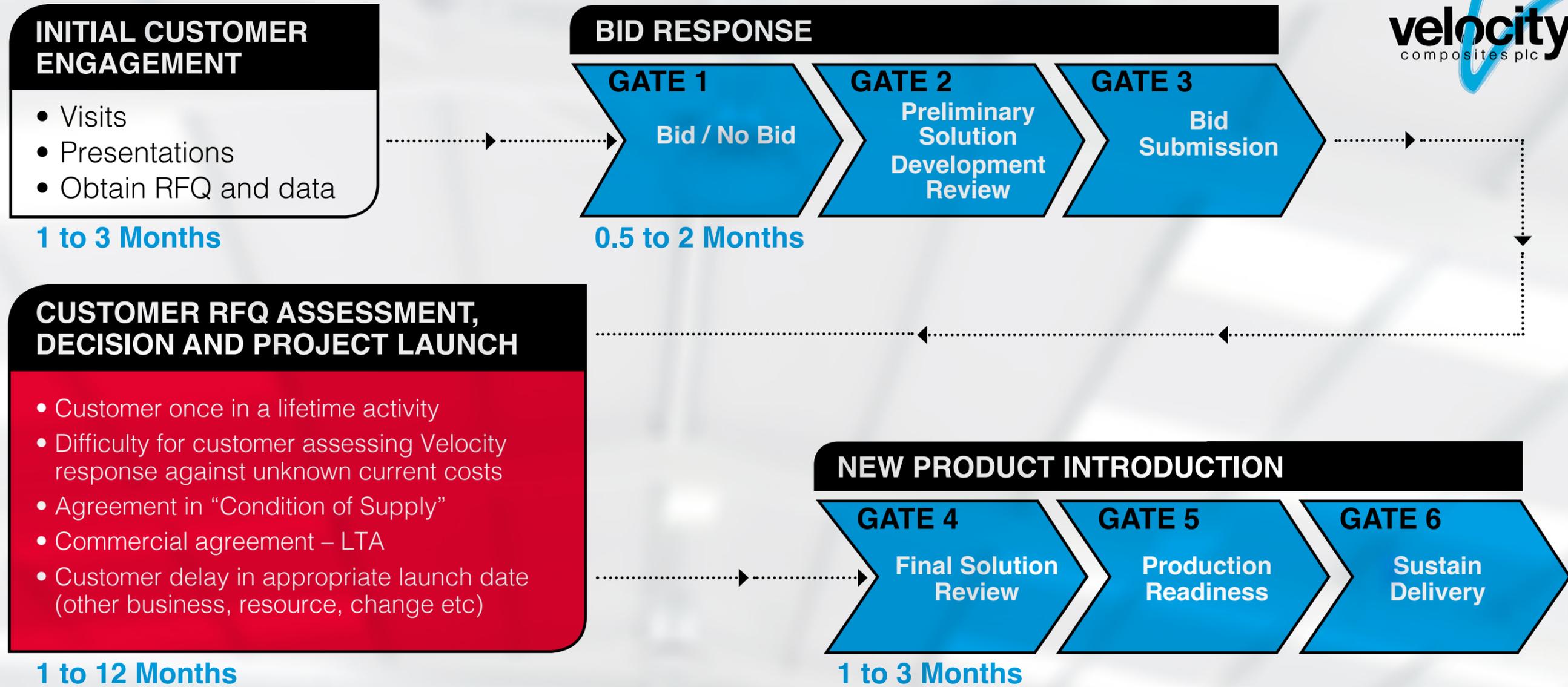
Savings made by customers using Velocity

- Material spend reduced by 10 - 53% due to smarter nesting
- Material increase in productivity due to reduced production times
- Increase in productive cleanroom floorspace by removing associated equipment
- Cost of non quality products reduced/eliminated by more standardised process
- Reduction in capital equipment spend
- Indirect support staff costs reduced due to direct line feed
- Full material traceability & regulatory compliance
- Improved cashflow due to just in time deliveries

• Industry is in a more-for-less era

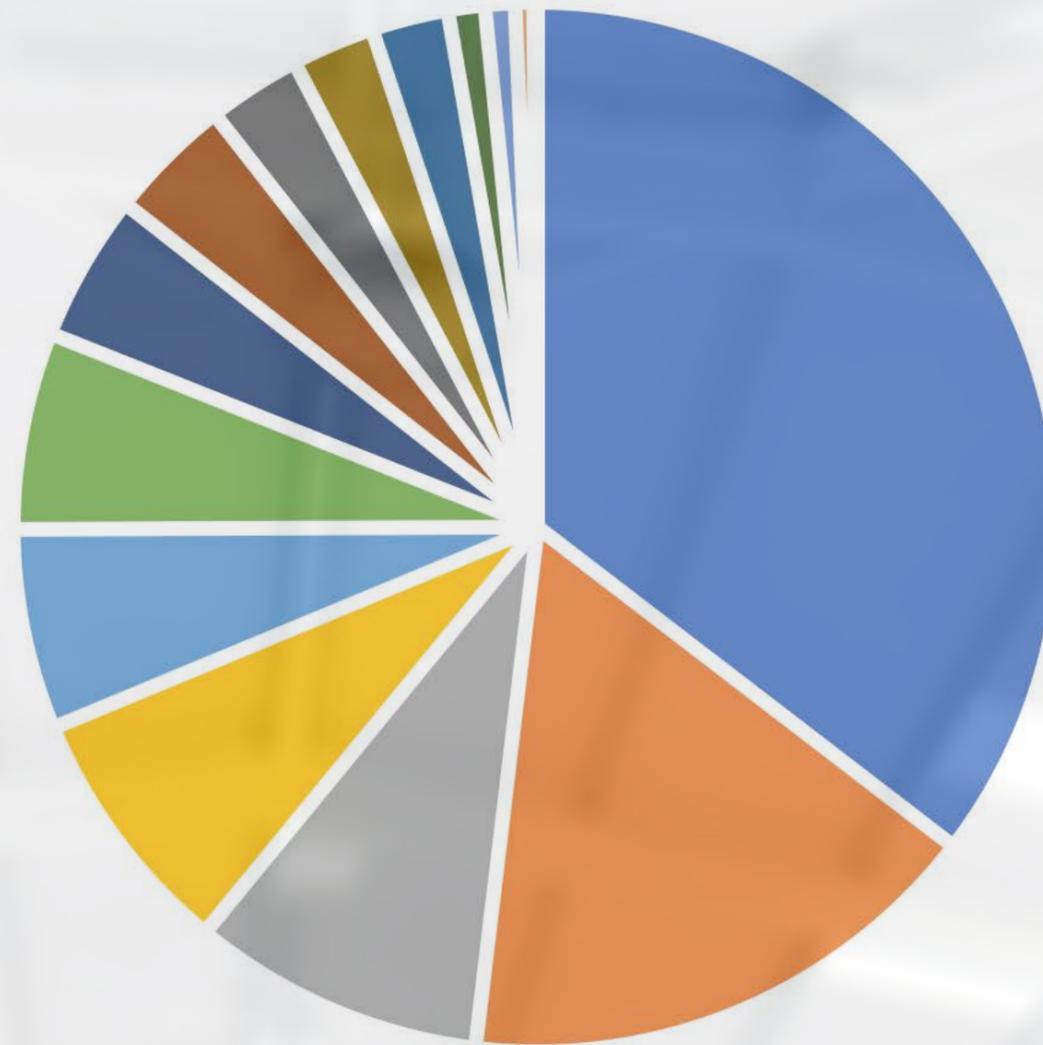


Customer Engagement Lifecycle



*Typical 18-24 month lifecycle

Velocity FY20 Revenue by Aircraft Type



- | | | | | | | |
|---------------|-----------|---------|------------|------------------|-----------|--------|
| ● A350 | ● A320NEO | ● AS907 | ● A330T700 | ● Other Military | ● A330NEO | ● A380 |
| ● Other Civil | ● Meteor | ● A330 | ● 737MAX | ● B787 | ● RB3043 | ● C919 |
| ● A320 | ● A400 | | | | | |

Full Balance Sheet (1 of 2)



	FY 2020 £000	FY 2019 £000
Non-current assets		
- Intangible assets	167	318
- Property, plant and equipment	1,723	1,061
- Right-of-use assets	1,127	-
Current assets		
- Inventories	1,908	3,177
- Trade & other receivables	2,464	4,149
- Corporation tax	-	75
- Cash and cash equivalents	3,268	3,424
Current liabilities		
- Loans	500	-
- Trade & other payables	1,504	3,223
- Net obligations under finance leases	411	121

Full Balance Sheet (2 of 2)

	FY 2020 £000	FY 2019 £000
Non current liabilities		
- Loans	1,500	-
- Net obligations under finance leases	1,060	169
Net assets	5,682	8,691
Equity attributable to equity holders		
- Share capital	91	90
- Share premium	9,727	9,727
- Share-based payments reserve	490	537
- Retained earnings	(4,626)	(1,663)
Total equity	5,682	8,691

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