

**Velocity Composites plc Interim Report****1****29 June 2021****VELOCITY COMPOSITES PLC**

("Velocity", the "Company" and together with its subsidiaries the "Group")

**UNAUDITED HALF YEAR RESULTS  
For the six months ended 30 April 2021**

Velocity Composites plc (AIM: VEL), the leading supplier of advanced composite material kits to the Aerospace sector, is pleased to announce its unaudited half-year results for the six months ended 30 April 2021 (the "Period" or "H1 FY21").

**Financial Highlights:**

- Sales volumes stabilised following impact of Covid-19 on Aerospace sector, with revenue for six months to 30 April 2021 of £4.4m (H1 FY20: £9.5m)
- Successful drive for technological, operational and cash flow efficiencies have been successful, with improved gross margin of 25.1% (H1 FY20: 20.5%)
- Adjusted EBITDA<sup>1</sup> loss for H1 FY21 of £0.6m (H1 FY20: loss £0.3m)
- Operating loss before tax for H1 FY21 of £1.1m (H1 FY20: loss £0.6m)
- Cash at Bank as at 30 April 2021 of £3.5m including £0.7m of EIS funds<sup>2</sup> (30 April 2020: £2.8m and including £1.2m of EIS funds)

Since the period end Velocity has been successful in partnering with Close Brothers to secure an additional £0.6m net cash inflow through a Top-up CBILS and asset financing facility

- Velocity remains on track to move back into positive EBITDA during H2 2021

<sup>1</sup> Adjusted EBITDA defined as earnings before interest, tax, depreciation, amortisation, impairment, adjusted for exceptional administrative costs and share based payments. The business uses this Alternative Performance Measure to appropriately measure the underlying business performance, as such it excludes costs associated with non-core activities.

<sup>2</sup> EIS funds earmarked for EIS/VCT qualifying expenditure and is deemed to be 'employed' for those purposes in accordance with the relevant regulations.

**Operating highlights**

- The new Velocity partnership proposition has been utilised by both existing and prospective new customers, allowing the wider value of the Velocity service to be highlighted and recognised, particularly through the disruption of 2020-2021.
- Developments in the Company's core technology, particularly around real time supply chain/demand management, material efficiency and operational performance has driven improved service offerings to customers and internal margins.
- Following a period of development with a large, multinational defence group the Company achieved full approval to supply structural material kits for the F35 joint strike fighter programme.
- Strong pipeline of new business remains notwithstanding continued disruption for civil aviation customers and restrictions on the Company's ability to travel to international customer locations.

**Current trading and outlook**

Since period end significant progress has been made with three of the Company's largest customers, with whom contract extensions entered into during H1 FY21 secured future annual revenues of £8.1m at what are currently suppressed build rates. The Board remains confident in the long-term prospects of the Company, with Velocity well placed to capitalise on the underlying recovery of the Aerospace sector and to benefit from new customer acquisition as industry priorities refocus on supply chain efficiencies as the wider industry builds back from the impact of Covid-19. With the pipeline expected to continue to improve as travel restrictions are eased, the Board is now cautiously optimistic as to the prospects for an improved second half performance in FY21 and into FY22.

**Velocity Composites plc Interim Report****2****Enquiries:****Velocity**

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**About Velocity**

Velocity Composites is a manufacturer of composite material kits for the aerospace industry, delivering engineered kits for its customers to build component parts. The Company's clients include multi-national manufacturers of composite parts and assemblies, who in turn deliver to the world's leading civil and military aircraft manufacturers. The Airbus A320, A330, A350, A380, Eurofighter Typhoon, F35 Joint Strike Fighter, Boeing 737, Boeing 787 and V22 Osprey are all constructed using parts manufactured from Velocity's kits. The Company's business model reduces the operating costs of preparing composite materials ahead of their usage in the construction of an aircraft part and as such, its offering is disposed to being self-financing for aircraft parts' manufacturers. Velocity Composites also exports to Europe and North America.

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### Chairman's Statement

#### Introduction

H1 FY21 ending 30 April 2021 saw significant progress with three of the Company's largest customers. With these contract renewals securing future annual revenues of £8.1m at currently suppressed build rates this has helped to secure the long-term prospects of the Company as well as leaving the Company well placed to capitalise on the underlying sector recovery.

Although December 2020 saw particularly impacted demand rates with prolonged customer site closures, this was partially offset by a successful March 2021. This saw development with a large, multinational defence group which enabled Velocity to achieve full approval to supply structural material kits for the F35 fighter and supports the ongoing strategy of diversification outside of Civil Aerospace.

The Group's liquidity position has also remained robust over the period, with the Velocity's cost-base now reduced in line with a £13.5m breakeven business and continued focus on lean stock management supporting the Company's cash flow.

#### H1 FY21 Financial Review

Revenue in the period was £4.4 m (H1 FY20: £9.5m) as the Company continued to see COVID-19 impacted production rates suppressing demand from its key customers. In addition, prolonged customer site closures over the Christmas period particularly impacted December 2020 performance. The Company, however, increased its gross margin by 4.6 percentage points to 25.1% (H1 FY20: 20.5%) as a result of successful efforts from management to further improve operational efficiencies and the new Velocity partnership proposition delivering higher value benefit to customers as all parties worked through the disruption.

Administrative expenses, excluding exceptional items, were reduced by £0.5m to £2.1m (H1 FY20: £2.6m) as cost improvements have become realised following the business's right-sizing drive in H2 FY20, continuing in FY21. This includes only £0.1m of furlough support through the Government furlough scheme and £0.1m hardship grant income from Burnley Local Authority. No exceptional costs were incurred in the period (H1 FY20: Nil)

Though the adjusted EBITDA loss in the period increased by £0.3m to £0.6m (H1 FY20: loss of £0.3m), as a result of the continuing suppressed demand levels, this was significantly reduced from the second half loss of £1.9m in 2020 on similar revenue levels. Loss before tax from continuing operations was £1.1m (H1 FY20: loss of £0.7m), resulting in an increased loss per share of 3.0p (H1 FY20: loss of 2.0p).

Cash at bank at 30 April 2021 was £3.5m, compared to £3.3m at 31 October 2020 driven by focussed cash retention efforts within the business, particularly through lean stock management. Both period ends had the same benefit from the £2.0m CBILS facility support. Since the period end, Velocity has been successful in partnering with the finance provider Close Brothers to secure additional CBILS and asset finance. This will further support Velocity's Covid-19 recovery plans with an additional Net Cash inflow of £0.6m and a similar 5 year repayment tenor as the existing £2.0m facility. Cash at bank includes an amount of £0.7m of EIS/VCT funds, which are allocated for investment in new production facilities in the US, mainland Europe and the UK. In addition to the CBILS, the Company has access to an Invoice Discounting Facility, which was undrawn as at 30 April 2021, but has current capacity of £1.6m based on outstanding receivables. The business remains in a net cash positive position, after deducting debt drawing.

#### Risk

In preparing these interim financial statements, the management is required to make accounting assumptions and estimates. The assumptions and estimation methods are consistent with those applied to the Annual Report and financial statements for the year ended 31 October 2020. With one exception, the principal risks and uncertainties that may have a material impact on activities and results of the Group remain materially unchanged from those described in the Annual Report. The exception is the risk of losing a key contract, which the Board now deem as a lower risk given the Company's three largest customers have all signed contract extensions during H1 FY21 for the next 3 years.

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COVID-19 continues to be a risk to the sector that is impacting demand heavily through greatly reduced civil air travel volumes. With the Company's cost-base now successfully reset to a £13.5m sales breakeven business and sales levels appearing to have stabilised during H1 FY21, Velocity is well placed to benefit from the longer-term market recovery. This is supported by the Company's robust liquidity position and unique offering to the market. In addition, management continue to develop opportunities to diversify into other sectors, such as defence, with progress having been made in H1 FY21 in supporting F35 production at several customer sites within the UK.

**Outlook**

In addition to the recent re-contracting of all major customers the new business opportunity pipeline for the Company looks strong, albeit with currently impacted production rates. The disruption in the industry has led to all customers re-evaluating their own operational footprint and as such significant changes to their supply chains have been deferred whilst the full effects of the pandemic were understood. As air travel resumes it is expected that build rates for the major aircraft programmes will begin to recover, firstly on the single aisle platforms (A320, B737), followed by the twin aisle platforms (A350, B787). With capacity at customers sites having been cut, the Board believe that the Company's technology driven enhanced service offering coupled with the highly operational gearing available for immediate deployment will open up significant opportunities as the industry increases its utilisation of outsourcing as part of its recovery. For example, Airbus recently announced that it had asked suppliers to prepare for an increase in A350 build rates for 2022 by 20% - from the current rates of 5 per month to 6. The A350 is a platform served by Velocity.

As the in-house technology developments drive further performance gains the Company is also working on additional ways to partner with customers and deploy its technology and services directly to customers' sites. This model is currently in final development and brings significant flexibility to the Company's proposition by allowing for a tailored approach to the exact customer requirements, without the need for large scale capital investments to support single customer locations. Discussions have begun with target launch customers with an expectation of this being a major 2022 opportunity for profit and margin expansion.

Despite the continued COVID-19 suppressed demand levels across the whole industry, the Board is now cautiously optimistic as to the prospects for an improved second half performance in FY21 and into FY22. With the organisational restructuring process completed and gross margins improving, the Company's cost-base is now beyond a target £13.5m sales breakeven position. With further new business wins and cost reduction activities Velocity is well placed to breakeven in H2 FY21, albeit in challenging and uncertain market conditions.



**Andy Beaden**  
Non-Executive Chairman  
29 June 2020

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# Condensed consolidated statement of total comprehensive income

## For the six months ended 30 April 2021

	Note	Half year ended 30 April 2021 (unaudited) £'000	Half year ended 30 April 2020 (unaudited) £'000	Year ended 31 October 2020 (audited) £'000
<b>Revenue</b>	3	4,439	9,502	13,561
Cost of sales		(3,323)	(7,558)	(11,237)
<b>Gross profit</b>		1,116	1,944	2,324
Administrative expenses excluding exceptional costs		(2,110)	(2,589)	(5,132)
Exceptional administrative expenses		-	-	(341)
Other operating income		-	-	-
<b>Operating loss</b>		(994)	(645)	(3,149)
Operating loss analysed as:				
Adjusted EBITDA		(559)	(259)	(1,925)
Depreciation & Amortisation		(224)	(218)	(517)
Depreciation on right to use assets		(151)	(108)	(246)
Share based payments		(60)	(60)	(120)
Exceptional administrative expenses		-	-	(341)
Finance income and expense		(65)	(40)	(98)
<b>Loss before tax from continuing operations</b>		(1,059)	(685)	(3,247)
Income tax income / (expense)		-	67	117
<b>Loss for the period and total comprehensive loss</b>		(1,059)	(618)	(3,130)
<b>Losses per share - Basic (pence per share) from continuing operations</b>	4	(3.0p)	(2.0p)	(8.0p)
<b>Losses per share - Diluted (pence per share) from continuing operations</b>	4	(3.0p)	(2.0p)	(8.0p)

The notes on pages 9 to 12 form part of this interim report.

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## Condensed consolidated statement of financial position

### At 30 April 2021

	As at 30 April 2021 (unaudited)	As at 30 April 2020 (unaudited)	As at 31 October 2020 (audited)
Note	£'000	£'000	£'000
<b>Non-current assets</b>			
Intangible assets	123	281	167
Property, plant and equipment	1,583	2,733	1,723
Right-of-use assets	977	380	1,127
<b>Total non-current assets</b>	<b>2,683</b>	<b>3,394</b>	<b>3,017</b>
<b>Current assets</b>			
Inventories	769	3,361	1,908
Trade and other receivables	2,477	2,924	2,464
Cash and cash equivalents	3,450	2,841	3,268
<b>Total current assets</b>	<b>6,696</b>	<b>9,126</b>	<b>7,640</b>
<b>Total assets</b>	<b>9,379</b>	<b>12,520</b>	<b>10,657</b>
<b>Current liabilities</b>			
Loans	300	-	500
Trade and other payables	1,444	2,699	1,504
Net obligations under finance leases	362	436	411
<b>Total current liabilities</b>	<b>2,106</b>	<b>3,135</b>	<b>2,415</b>
<b>Non-current liabilities</b>			
Loans	1,700	-	1,500
Net obligations under lease liabilities	890	1,252	1,060
<b>Total non-current liabilities</b>	<b>2,590</b>	<b>1,252</b>	<b>2,560</b>
<b>Total liabilities</b>	<b>4,696</b>	<b>4,387</b>	<b>4,975</b>
<b>Net assets</b>	<b>4,683</b>	<b>8,133</b>	<b>5,682</b>
<b>Equity attributable to equity holders of the company</b>			
Share capital	91	90	91
Share premium	9,727	9,727	9,727
Share-based payments reserve	550	559	490
Retained earnings	(5,685)	(2,243)	(4,626)
<b>Total equity</b>	<b>4,683</b>	<b>8,133</b>	<b>5,682</b>

The notes on pages 9 to 12 form part of this interim report.

The financial statements were approved and authorised for issue by the Board of Directors on 29 June 2021 and were signed on its behalf by

*Chris Williams*

**Christopher Williams**

Company Secretary Co No: 06389233

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## Condensed consolidated statement of changes in equity For the six months ended 30 April 2021

Note	Share capital £'000	Share premium £'000	Retained earnings £'000	Share-based payments Reserve £'000	Total equity £'000
<b>As at 31 October 2019</b>	90	9,727	(1,663)	537	8,691
Loss for the period	-	-	(618)	-	(618)
	90	9,727	(2,281)	537	8,073
<b>Transactions with shareholders:</b>					
Share-based payments	-	-	-	60	60
Vesting of share options	-	-	38	(38)	-
	90	9,727	(2,243)	559	8,133
<b>As at 30 April 2020</b>	90	9,727	(2,243)	559	8,133
Loss for the period	-	-	(2,512)	-	(2,512)
	90	9,727	(4,755)	559	5,621
<b>Transactions with shareholders:</b>					
Share-based payments	-	-	-	60	60
Vesting of share options	1	-	129	(129)	1
	91	9,727	(4,626)	490	5,682
<b>As at 31 October 2020</b>	91	9,727	(4,626)	490	5,682
Loss for the period	-	-	(1,059)	-	(1,059)
<b>Transactions with shareholders:</b>					
Share-based payments	-	-	-	60	60
	91	9,727	(5,685)	550	4,683
<b>As at 30 April 2021</b>	91	9,727	(5,685)	550	4,683

The notes on pages 9 to 12 form part of this interim report.

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# Condensed consolidated statement of cash flows

## For the six months ended 30 April 2021

	Half year ended 30 April 2021 (unaudited)	Half year ended 30 April 2020 (unaudited)	Year ended 31 October 2020 (audited)
	£'000	£'000	£'000
<b>Operating activities</b>			
Loss for the period	(1,059)	(618)	(3,130)
Taxation	-	(67)	(117)
(Profit)/ Loss on disposal of assets	(11)	-	-
Finance costs	65	39	98
Amortisation of intangible assets	44	65	118
Impairment of tangible asset	-	-	72
Depreciation of property, plant and equipment	180	153	327
Depreciation of right to use assets	151	108	246
Share-based payments	60	60	120
	(570)	(260)	(2,266)
(Increase)/Decrease in trade and other receivables	(13)	1,225	1,685
Decrease/(Increase) in inventories	1,139	(184)	1,269
(Decrease)/Increase in trade and other payables	(60)	(1,331)	(1,526)
<b>Cash generated from operations</b>	496	(550)	(838)
Income taxes received/ (paid)	-	142	-
<b>Net cash inflow/(outflow) from operating activities</b>	496	(408)	(838)
<b>Investing activities</b>			
Purchase of property, plant and equipment	(41)	(730)	(991)
Development expenditure capitalised	-	(28)	(39)
Proceeds from disposal of property, plant and equipment	10	-	3
<b>Net cash used in investing activities</b>	(31)	(758)	(1,027)
<b>Financing activities</b>			
Loan received	-	-	2000
Finance lease proceeds	-	-	211
Finance costs paid	(64)	(39)	(98)
(Decrease)/Increase in invoice discounting	-	807	-
Repayment of finance lease capital	(219)	(185)	(404)
<b>Net cash generated from/ (used in) financing activities</b>	(283)	583	1,709
<b>Net increase/(decrease) in cash and cash equivalents</b>	182	(583)	(156)
Cash and cash equivalents at beginning of period	3,268	3,424	3,424
<b>Cash and cash equivalents at end of period</b>	3,450	2,841	3,268

# Notes to Interim Report

## 1. General information

Velocity Composites plc (the 'Company') is a public limited company incorporated and domiciled in England and Wales. The registered office of the company is AMS Technology Park, Billington Road, Burnley, Lancashire, BB11 5UB, United Kingdom. The registered company number is 06389233.

The Company holds shares in a wholly owned subsidiary company, Velocity Composites Sendirian Berhad, which is domiciled in Malaysia. During this financial period, the company has provided engineering services to the Group. The Company also wholly owns Velocity Composites Aerospace Inc. to prepare for future expansion in the United States of America. These subsidiaries together with Velocity Composites plc, now forms the Velocity Composites Group ('the Group').

The Group's principal activity is that of the sale of kits of composite material and related products to the aerospace industry.

The condensed consolidated interim financial statements are unaudited and do not constitute statutory financial statements within the meaning of Section 435 of the Companies Act 2006. The review report on these interim financial statements is set out on page 3. The financial information for the year ended 31 October 2020 has been derived from the published statutory financial statements for the Company. A copy of the full accounts for that period, on which the auditor issued an unmodified report that did not contain statements under Section 498(2) or 498(3) of the Companies Act 2006, has been delivered to the Registrar of Companies.

These interim financial statements will be posted to the Company's shareholders and are available from the Registered Office at AMS Technology Park, Billington Road, Burnley, Lancashire, BB11 5UB or from our website at [www.velocity-composites.com](http://www.velocity-composites.com).

## 2. Accounting policies

### ***Basis of preparation***

These condensed consolidated interim financial statements are for the six months ended 30 April 2021. This interim financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union, and has been prepared using consistent accounting policies as applied in the Company's full year accounts to 31 October 2020 and as expected to be applied in the full year accounts to 31 October 2021. They have therefore been prepared in compliance with the measurement and recognition criteria of IFRS as adopted by the European Union.

These financial statements have been prepared on a going concern basis and using the historical cost convention, as stated in the accounting policies. These policies have been consistently applied to all periods presented, unless otherwise stated.

The financial statements are presented in sterling and have been rounded to the nearest thousand (£'000) except where otherwise indicated.

No new standards have been adopted for the first time in the current financial year.

## Notes to Interim Report

### 2. Accounting policies (Cont.)

#### **Going concern**

The current climate continues to present challenges and impact the business significantly through suppressed sales demand. As a result, Management have continued the longer-term financial planning announced in the FY21 Annual Report to ensure liquidity is robust and any future cash flow requirements are identified as early as possible. This involves a 24-month rolling period forecast which is then extended a further 5 years at a high level and revisited monthly through the Integrated Business Planning process. The Aerospace sector lends itself to this kind of long-term planning due to the nature and length of customer programmes, typically a minimum of 3 years, but often 5 years or more.

This financial forecasting process has helped the Board to balance the extent of cost reductions required in FY20 to stabilise the business with the resource requirements needed to support future growth potential. It has also supported the business case for the £2.0m CBILS facility, as well as the subsequent 5-year extension of tenor announced at year end. As such, Velocity now has a cost base beyond a £13.5m sales breakeven position and is on target to breakeven at an adjusted EBITDA level in H2 FY21. Management continues to utilise this tool routinely to undertake sensitivity analysis and 'stress testing' as part of Velocity's ongoing risk management strategy.

With due regard for these latest projections, H1 FY21 has seen some reassuring progress for Velocity, with sales demand seemingly stabilised during the half year, three of the Company's largest customers committed to long-term contract renewals and successful diversification into the Military sector. Whilst there undoubtedly remains uncertainty in the Aerospace industry, with available cash at 30 April 2021 of £3.5m, an invoice discounting facility of £1.6m based on debtor levels as yet undrawn and continued support of our bank and shareholders, it is the opinion of the Board that the Group is in a robust liquidity position and has adequate resources to continue to trade as a going concern.

### 3. Segmental analysis

The Group supplies a single range of kitted products into a single industry and so has a single segment. Additional information is given below regarding the revenue receivable based on geographical location of the customer.

	Half year ended 30 April 2021 (unaudited) £'000	Half year ended 30 April 2020 (unaudited) £'000	Year ended 31 October 2020 (audited) £'000
<b>Revenue</b>			
United Kingdom	4,428	8,413	12,337
Rest of Europe	11	1,066	1,224
Rest of World	-	23	-
	4,439	9,502	13,561

Four customers of the Group are responsible for over 90% of the total revenue in each of the periods presented. The majority of revenue arises from the sale of goods. Where engineering services form a part of revenue it is only in support of the development or sale of the goods.

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## Notes to Interim Report

## 4. Reconciliation of reported profit

	Half year ended 30 April 2021 (unaudited) £'000	Half year ended 30 April 2020 (unaudited) £'000	Year ended 31 October 2020 (audited) £'000
Loss for the period	(1,059)	(618)	(3,130)

## Weighted average number of shares

	Shares	Shares	Shares
Weighted average number of shares in issue	36,265,983	35,943,337	35,995,289
Weighted average number of share options	2,184,120	2,195,402	2,143,440
Weighted average number of shares (diluted)	38,450,103	38,138,739	38,138,729

Share options have not been included in the Diluted calculation as they would be anti-dilutive with a loss being recognised.

	Half year ended 30 April 2021 (unaudited) £	Half year ended 30 April 2020 (unaudited) £	Year ended 31 October 2020 (audited) £
<b>Loss per share</b>			
Basic & Diluted	(£0.03)	(£0.02)	(£0.08)

## 5. Share capital of the Company

	Number of shares	Share Capital £	Share Premium £
<b>Share capital issued and fully paid</b>			
Ordinary shares of £0.0025 each as at 1 November 2019,	35,916,179	89,791	9,727,158
Shares issued to satisfy exercise of share options on 20 February 2020	70,000	175	-
Ordinary shares of £0.0025 each as at 30 April 2020	35,986,179	89,966	9,727,158
Shares issued to satisfy exercise of share options on 15 September 2020	241,200	603	-
Ordinary shares of £0.0025 each as at 31 October 2020	36,227,379	90,569	9,727,158
Shares issued to satisfy exercise of share options on 12 February 2021	38,604	97	-
Ordinary shares of £0.0025 each as at 30 April 2021	36,265,983	90,666	9,727,158

Ordinary shares carry the right to one vote per share at general meetings of the Company and the rights to share in any distribution of profits or returns of capital and to share in any residual assets available for distribution in the event of a winding up.

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# Notes to Interim Report

## 6. Capital Commitments

At 30 April 2021 the Group had £NIL (2020: £Nil) of capital commitments relating to the purchase of leasehold improvements, plant and machinery and fixture and fittings.

# Independent Review Report to the members of Velocity Composites plc

## Introduction

We have reviewed the consolidated, condensed set of financial statements in the half-yearly financial report of Velocity Composites PLC (the 'group') for the six months ended 30 April 2021 which comprises consolidated statement of total comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

## Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

## Our responsibility

Our responsibility is to express a conclusion to the company on the condensed set of financial statements in the half-yearly financial report based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## The impact of macro-economic uncertainties on our audit

Our review of the condensed set of financial statements in the half-yearly financial report requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. Such reviews assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no review of interim financial information should be expected to predict the unknowable factors or all possible future implications for a company associated with a course of action such as Brexit.

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# Independent Review Report to the members of Velocity Composites plc

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 April 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

**Use of our report**

This report is made solely to the company, as a body, in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review 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 as a body, for our review work, for this report, or for the conclusion we have formed.

**Grant Thornton UK LLP**

Statutory Auditor, Chartered Accountants  
Manchester  
29 June 2021