

INVESTOR PRESENTATION



Full Year Results

For the Financial Year Ended 31 October 2024



Velocity Disclaimer

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Presentation Team



Andy Beaden

— Non-Executive Chairman

Andy has over 30 years' experience in finance, technology and manufacturing. A Chartered Accountant and economist by training, originally with KPMG and also having worked for two FTSE 100 companies, he is also a Fellow of the RSA (Royal Society for the encouragement of the Arts, Manufactures and Commerce). He was the CFO of the multi-sector material science business Luxfer, leading a secondary buyout in 2007 and then listing it on the NYSE in 2012.

He also co-founded and is Chairman of IN4.0 Group, a digital technology consultancy and training business and largest provider of AWS training bootcamps in the UK.



Jon Bridges

— CEO

Jon co-founded Velocity Composites in 2007. Jonathan has over 32 years' experience within the advanced composites industry and is an experienced composite engineer. Previously, Jon was an Aerospace and Lean Solutions Specialist at Cytec Process Materials where he was responsible for direct sales support of UK and European based clients.

From 2003 to 2005 Jon was a Manufacturing Engineer for Safran Nacelles where he was responsible for the manufacturing function for a growing, highly loaded aerospace unit supplying multiple assembly lines. Jon has a BSc in Materials Science from Coventry University and is a Director of the North West Aerospace Alliance.



Rob Smith

— CFO

Rob is a chartered management accountant with significant experience in leadership roles in a number of AIM quoted technology companies, where he has been instrumental in leading growth strategies and improving operational efficiencies. Rob has a proven track record in advanced manufacturing at both CFO and CEO level, including manufacturing systems implementation and international commercial leadership.

Most recently Rob served as Group CFO at Biome Technologies plc and prior to that, in the CFO and CEO roles at Filtronic plc between 2014 and 2020, an electronics designer and manufacturer of advanced filters, antennas and transceivers.

FY24 Financial Highlights



Revenue

£23m

FY23 £16.4m

Gross Margin %

25.9%

FY23 18.8%

Adjusted EBITDA*

£0.4m

FY23 £(1.6)m

Cash at Bank

£1.7m

FY23 £3.2m

Operating Loss

£(0.9)m

FY23 £(2.8)m

* Earnings before interest, tax, depreciation, amortisation and adjusted for share-based payments.

2024 Review

- Well reported issues with Boeing Commercial Aircraft, due to Labour strike in US and quality issues with key suppliers, leading to re-acquisition of Spirit Aerosystems (aerospace industry's largest Tier 1)
- Spirit re-acquisition processes also had impact on Airbus, given OEM's need to protect IP and carve-out business from within Spirit & Boeing deal
- Potential US customers impacted by delays in Boeing production rates (B737-MAX and B787) due to increased scrutiny of any process changes by OEM quality teams - pressure on OEM resources
- Wider (non-composite) supply chain struggling to enable Airbus deliveries on A350 programme, however 2024 Airbus orders grew significantly for A350 programme (142 aircraft) identifying long-term strength & ramp-up

Outlook for 2025

- Spirit Aerosystems re-acquisition expected to complete mid 2025, including decoupling of Airbus business at Spirit
- Production rate increases on B737-MAX when FAA oversight allows
- Production rate increases on B787 as supply chain constraints are overcome
- Production rate increases on A350, lead by -1000 variant (rate 1 to rate 3), total A350 rate from rate 6 to rate 9

US OPERATIONS

- At HY24, successfully completed the First Article Inspection (FAI) requirements needed from US customer but delayed completion of the FAI process between customer and OEM
- Now working directly with OEM to complete necessary work in Q1 FY25, allowing the US site to fully discharge the existing contracted business
- Quality and delivery performance in line with UK sites
- New business development continuing and expected to be supported by:
 - Resolution of Boeing/Spirit FAA oversight and merger, and production rate increases in civil aerospace
 - Continued progress with defence customers

EUROPEAN OPERATIONS

- New pricing agreements in place with existing customers with annual reviews for inflation
- Implementation of Odoo based VRP update completing in 2025
- New business activities focused around existing customers in both UK and mainland Europe
- Ramp up of A350 programme (particularly -1000 variant) expected to increase existing business

Summary Income Statement

	FY24 £000	FY23 £000
Revenue	23,006	16,411
Cost of sales	(17,045)	(13,325)
Gross profit	5,961	3,086
Administrative costs	(6,892)	(5,903)
Operating loss	(931)	(2,817)
Finance expense	(413)	(326)
Loss before tax	(1,344)	(3,143)
Adjusted EBITDA*	374	(1,606)

* Earnings before interest, tax, depreciation, amortisation and adjusted for share-based payments.

- Group revenue for FY24 increased 40.2% as sales from our US site ramped through the year
- Gross profit improved as a result of the increased sales revenue and higher gross margin percentage of 25.9% (FY23: 18.8%) that was achieved through a better sales mix, inflation adjustments and improved operational efficiencies
- Administrative expenses increased as a result of incremental costs associated with the US operations
- Adjusted EBITDA profit achieved for the first time since the Covid-19 pandemic

Summary Statement of Financial Position

	FY24 £000	FY23 £000
Non-current assets	4,667	5,114
Inventories	2,500	2,743
Trade and other receivables	3,977	3,667
Cash and cash equivalents	1,663	3,178
Current assets	8,140	9,588
Loans	503	503
Trade and other payables	3,933	4,587
Obligations under finance leases	561	487
Current liabilities	4,997	5,577
Non current liabilities	1,944	2,557
Net assets	5,866	6,568

- Non-current assets reduced through normal depreciation and amortisation and a quieter year in terms of capital expenditure
- Inventory management continues to be a key focus area and we were achieved a reduction even with the 40% business growth
- Trade receivables increased as a result of higher sales but we reduce debtor days to 53 days (FY23: 71 days)
- Trade payables reduced as part of the improvement in inventory turns
- Non-current liabilities include CBILs that reduced to £0.5m and obligations under finance leases that saw a net reduction of £0.3m

Summary Statement of Cash Flows

	FY24 £000	FY23 £000
Operating cash in/(out)flow	345	(1,730)
Movements in working capital	(373)	(102)
Cash in/(out)flow from operations	(28)	(1,832)
Tax received	398	-
Net cash in/(out)flow from operations	370	(1,832)
Cash used in investing activities	(584)	(2,122)
Cash used in financing activities	(1,412)	4,788
(Decrease)/increase in cash	(1,626)	834
Cash at 1 November	3,178	2,344
Currency exchange movement	111	-
Cash at 31 October	1,663	3,178

- Net cash flow generated from operations in year
- Investing activities were:
 - Purchases of PP&E of £212k, principally establishing a 4th cutting cell in the US
 - Capitalisation of development costs of £372k
- Financing costs included repayment of £1.0m (FY23: £1.0m) of CBIL and finance leases
- Overall net cash position at 31 October was:

	FY24 £000	FY23 £000
Cash	1,663	3,178
CBIL loan	(971)	(1,473)
Invoice discounting facility utilisation	-	(68)
Net cash	692	1,637

FY25 Outlook

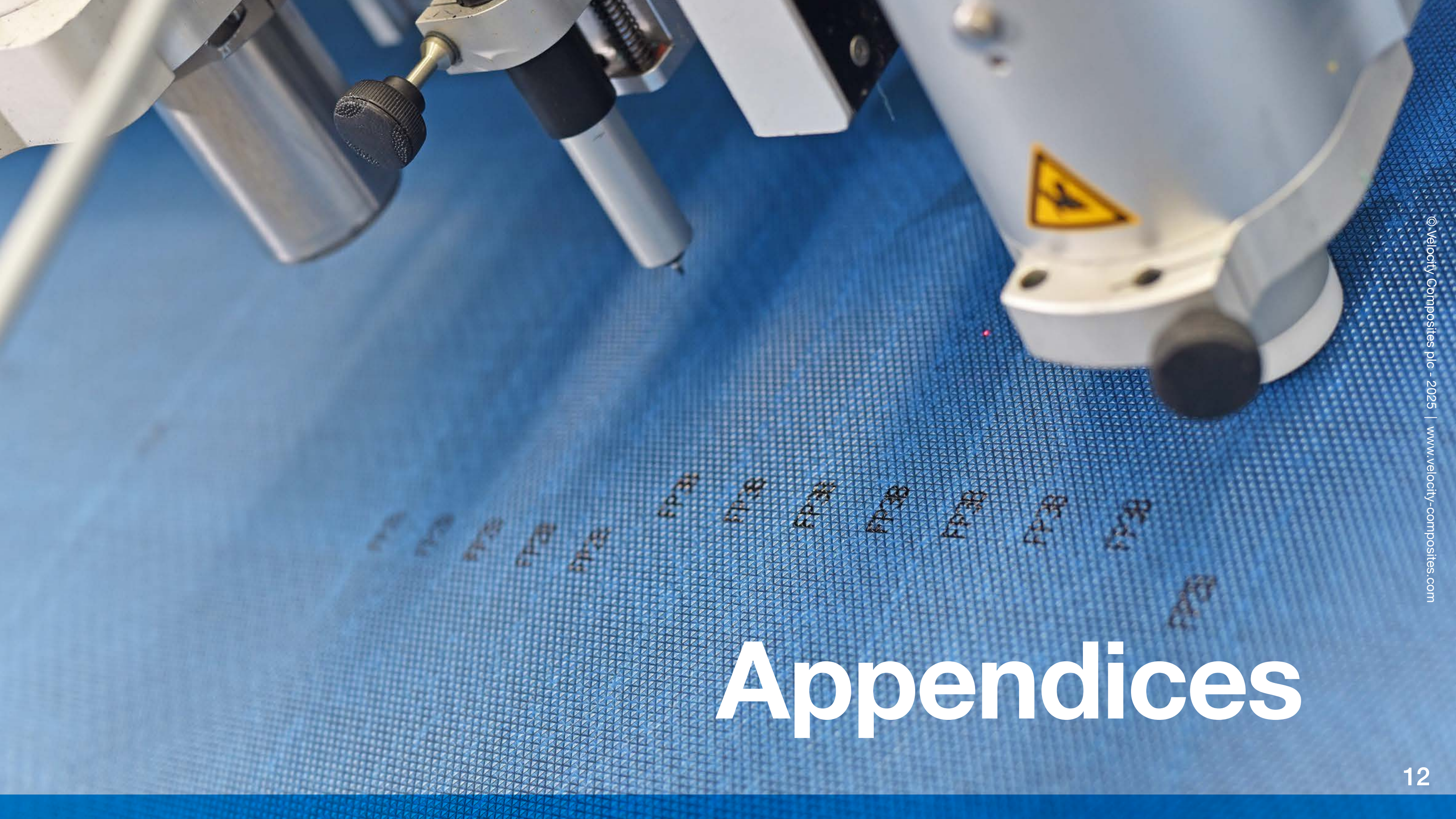


- A350 programme production rates are expected to increase significantly as the OEM strives to fulfil its order backlog. This is the largest programme in the UK to which Velocity is a supplier
- Final contracted programme from previously announced agreement expected to reach sustained production at US site in H1 FY25
- Business development activities focused on defence sector
- Anticipated near-term growth supports the Board's key targets:
 - 25% plus gross margin
 - 10% adjusted EBITDA* margin
 - 25% return on capital
- The Board is confident of delivering another year of strong growth in FY25

Summary



- 40% revenue in FY24 including quadrupling of sales in US
- Onboarding of US programmes continues and we expect approvals on engine fan case kits, delayed in Q4 FY24, to be completed in H1 FY25
- A350 programme set to significantly increase as OEM strives to fulfil backlog
- Board strengthened with the addition of an experienced CFO
- New business opportunities being developed in the UK, US and Europe with existing and new customers
- Sustained profitability and cash generation expected in H2 FY25 based on current contracted business



Appendices

Major Shareholders (as at 24 January 2025)

NAME	Number of Ordinary Shares	% of issued Ordinary Shares
Amati Global Investors	5,650,294	10.46%
Jonathan Bridges	5,365,929	9.94%
Seneca Partners	4,519,236	8.37%
Stonehage Fleming	4,458,956	8.26%
Rathbones	2,915,341	5.40%
Gerard Johnson	4,200,000	7.85%
Christopher Banks	4,252,693	7.95%

Experienced Board and Senior Management



Andy Beaden
Non-Executive Chairman

Andy has over 30 years experience in finance, technology and manufacturing. He is a Chartered Accountant, and worked at Executive Board level for 20 years in a series of advanced material technology businesses, both listed and privately owned.



Jon Bridges
Chief Executive Officer

Jon has 32 years' experience within the advanced composites industry and is an experienced composite engineer. Jon is a founder of Velocity and known for his extensive knowledge around composite process technologies.



Rob Smith
Chief Finance Director

Rob has significant experience in leadership roles in a number of AIM quoted technology companies, where he has been instrumental in leading growth strategies and improving operational efficiencies. He has a proven track record in advanced manufacturing at both CFO and CEO level.



Annette Rothwell
Non-Executive Director

Annette has extensive experience in industries undergoing transformational change. Since 2011, she has served as a director on the board of the Midlands Aerospace Alliance, the regional body for the Aerospace, Defence and Security industry. She has held a number of senior aerospace roles with global responsibility for supply chain management and procurement.



David Bailey
Non-Executive Director

David has contributed to the strategic direction of the UK's aerospace industry and cross-sector composites sector as a Board member of the Aerospace Growth Partnership and Composites Leadership Forum. He has a PHD in aeronautics and an in-depth practical knowledge around operational excellence and sustainability within multiple manufacturing sectors.

Our Approvals



AIRBUS



BOMBARDIER



BAE SYSTEMS

AIRBUS:

ABP-62185, ABP-61289, AIPS03-02-018,
AIPS03-02-019, AIPS03-07-007

BOEING:

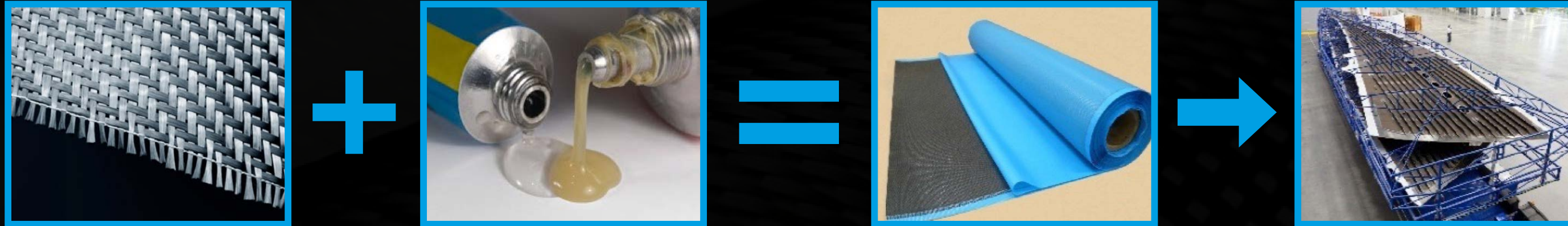
BCA-65224-0312
+ SBP-65224-0411

NADCAP - AC7118 (KSP)

Merit status (all UK facilities)

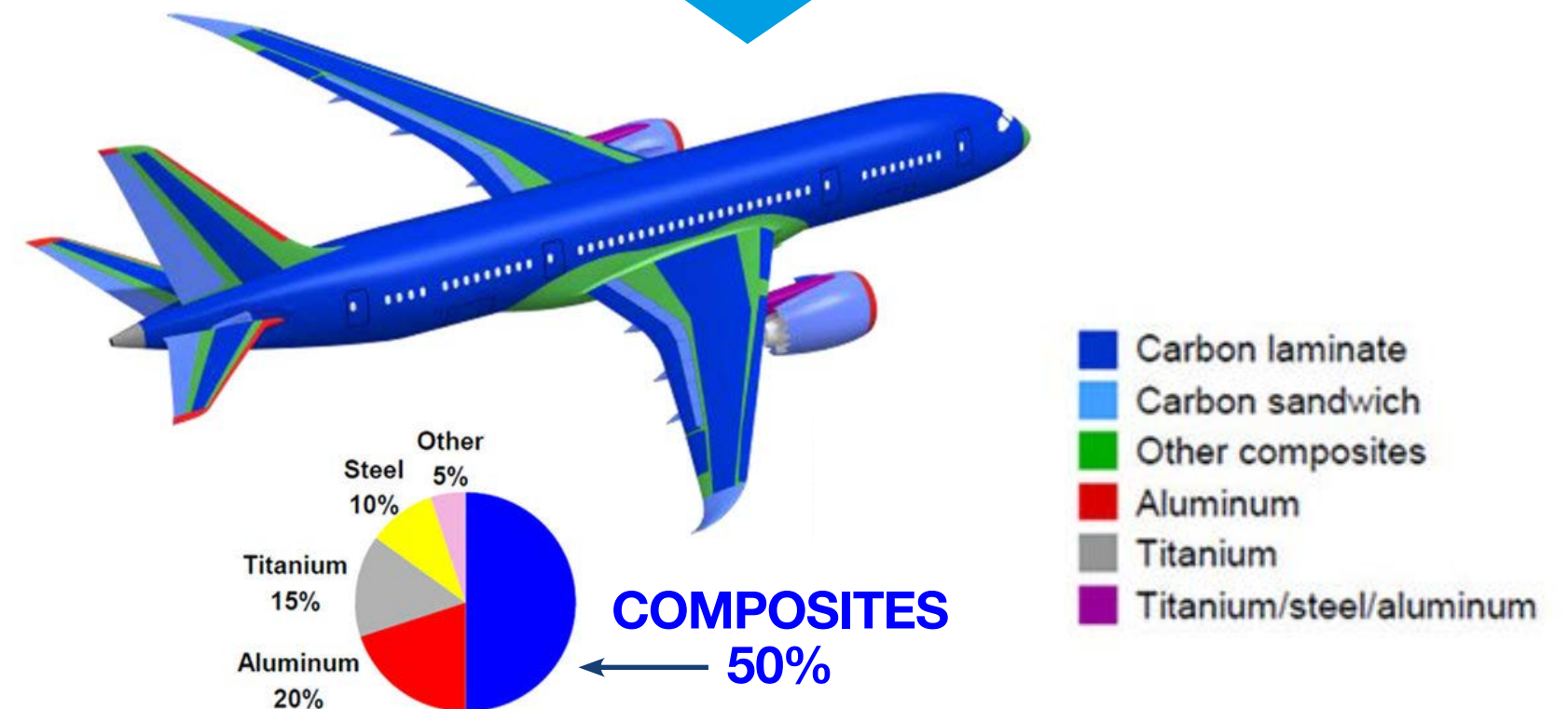
- **VELOCITY COMPOSITES PLC** is an established business which delivers real benefits to large aerospace manufacturers by using proprietary digital technology to manage and remove waste from the complex raw material supply chain
- **FIRST TO MARKET** We are the only company to provide a complete outsourced solution to composite aerostructure manufacturers.
- **HUGE MARKET GROWTH** Aerospace industry currently spends \$6.5bn per annum on composite materials. Projected tenfold increase of composites within aircraft by 2041 to meet net zero.
- **OUR SOLUTIONS ARE NECESSARY TO THE AEROSPACE INDUSTRY.** If the aerospace industry is to meet its projections it needs our solutions to reduce costs and accelerate production rates
- **SUSTAINED PROFITABILITY AND POSITIVE CASH GENERATION EXPECTED IN H2 FY25** with enough contracted business that at full production rates means in FY25 will move from a loss to a profit
- **DEFENCE INDUSTRY** We are focusing our business development efforts on winning more defence sector business to balance out our civil programmes
- **REVENUE INCREASES** set to continue as programme production rates increase and industry players are coming to us. Broker consensus revenue for 2025 of £27.0m (2023: £16.4m; 2023: £23.0m)
- **5 YEAR REVENUE TARGET OF £100M WITH 10% EBITDA** Highly qualified pipeline of \$250.0m. Existing facilities could support up to £70.0m annually.

Composite Materials



- A combination of a matrix and a reinforcement, which when combined gives properties superior to the properties of the individual components
- In the case of an aerospace composite, the reinforcement is the fibres and the matrix is the thermosetting resin
- Better weight saving, strength, corrosion resistance and fatigue resistance when compared with metals
- Less weight equals less cost for airlines and increased range
- Material has a shelf life until cured

COMPOSITE USE IN AIRCRAFT



Sustainability driving growth | New generation aircraft

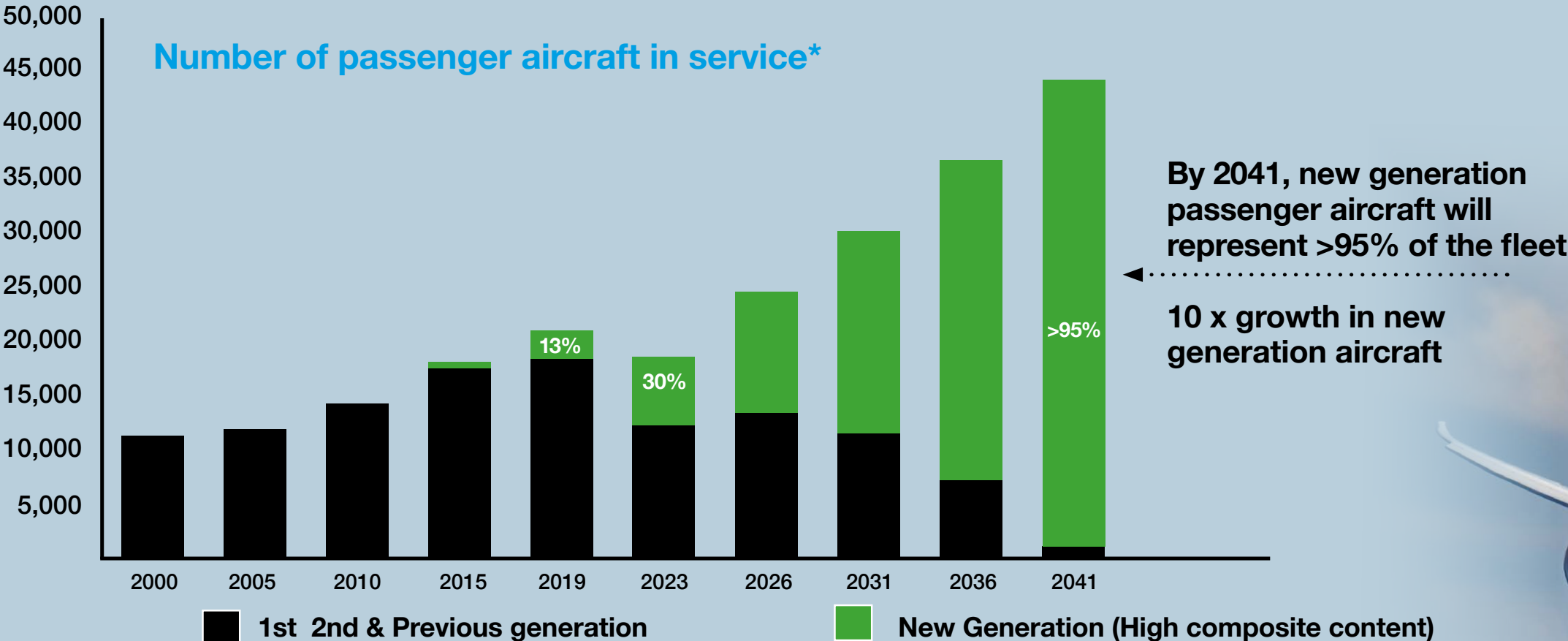


“Today, around 30% of the world’s in service aircraft fleet are of the latest generation. Replacing the remaining 70% of previous generation aircraft, combined with more efficient ways to operate aircraft, SAF, future technologies such as hydrogen and hybridisation are key to Airbus’ decarbonisation journey...” (AIRBUS Global Market Forecast 2024)

95%
By 2041, new generation passenger aircraft will represent >95% of the fleet

10x
10x growth in new generation aircraft

25%
The new generation of aircraft will be lighter, stronger, and have a 25% lower carbon footprint



Velocity currently provides composites for the following New Generation Aircraft and has the potential to service all new programmes

AIRBUS				BOEING			DEFENCE PROGRAMMES	
...
A350	A350 NEO	A320 NEO	A220	787	737 MAX	777X		

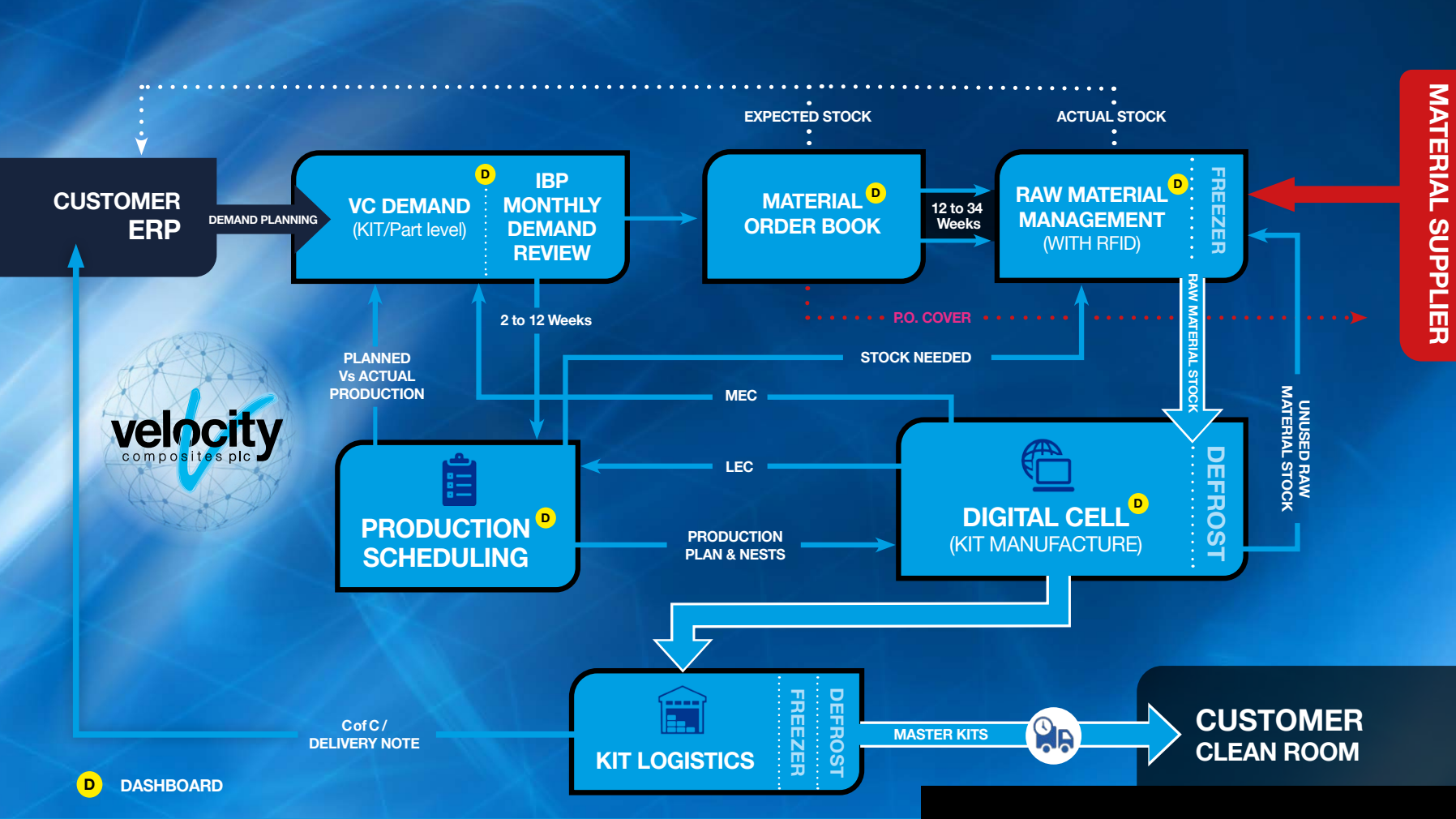


1 * Western built passenger aircraft above 100 seats – pax aircraft only
2 1st generation: A300, DC 9, DC10, 707, 727, 737, 747. 2nd generation: A310, MD11, MD80, MD90, 737, 747, 757, 767, F100. Previous generation: A320 Fam., A330, A340, 717, 737NG, 747, 777
3 New generation: A220, A320neo Fam., A330neo, A350, A380, 737Max, 777X, 787 & new programs

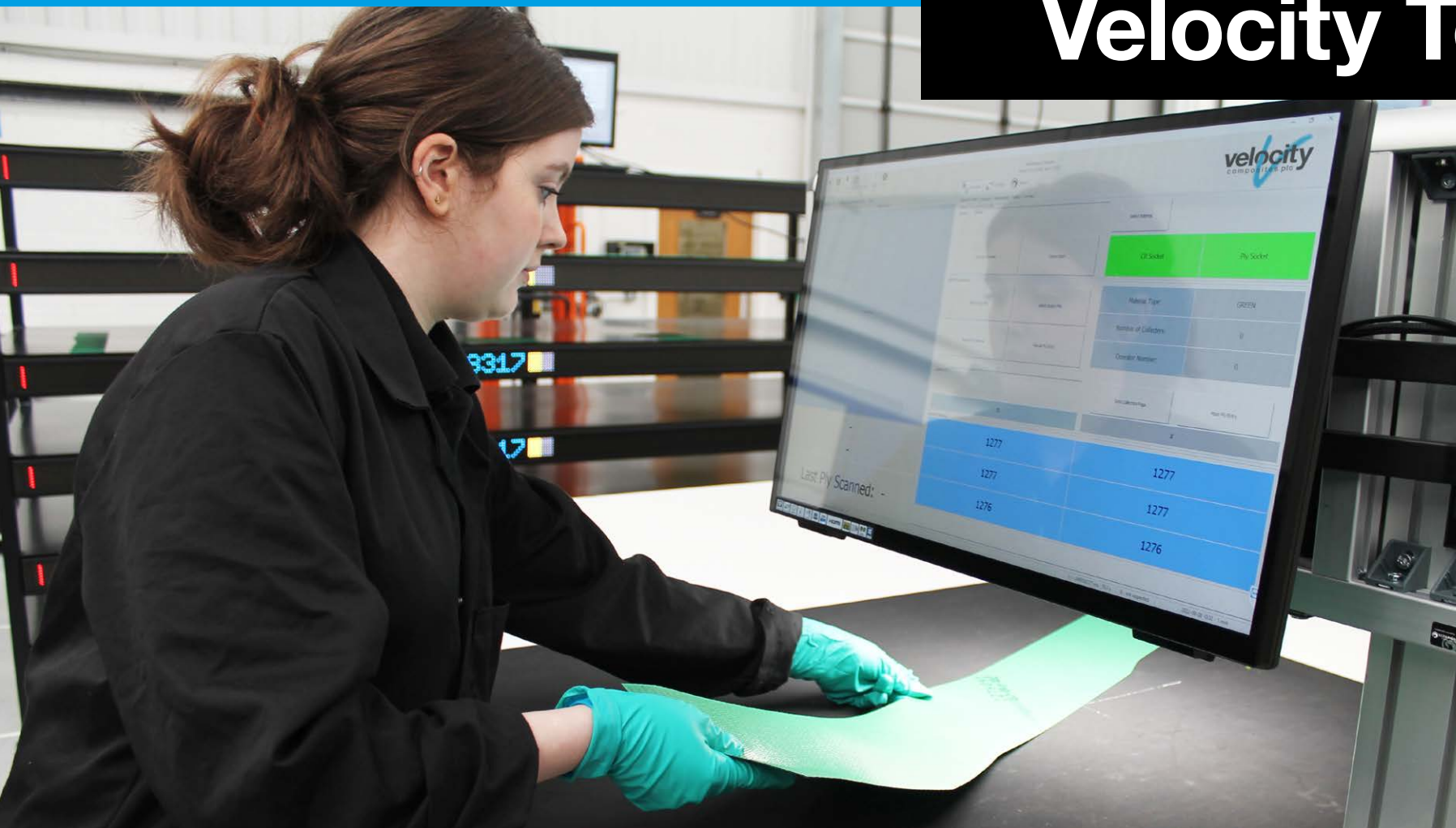
The Velocity Solution



Aimed at providing at least 10% material cost saving and 20% time cost saving to customers



Velocity Technology



Where Velocity sits in the global composites industry



Global Material Suppliers / Distributors



Global Primes / Tier 1 Manufacturers



VELOCITY TOTAL KIT PROVISION

- Inventory Finance
- Inventory Management
- Demand Aggregation
- Goods In
- Quality Inspection
- Kit Manufacturing
- Warehousing
- Goods Out / Transportation
- Subcon Integration
- On Site Support

Flow Down Material Pricing

- Velocity has first mover advantage and is the only company to provide an end-to-end solution for manufacturers.



Revolutionising Composite Cleanrooms

A composite material wing and tail section of an aircraft are shown on a runway at sunset. The sun is low on the horizon, creating a bright orange glow and long shadows. The wing and tail are dark, with the tail fin being a lighter color. The runway is paved and has white markings. In the background, there are airport buildings and lights.

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