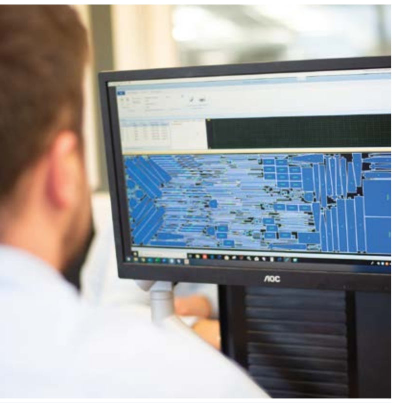
ANNUAL REPORT 2025

& Financial Statements for the year ended 31.10.25

velocity composites plc


Efficiency
is not just
a goal;
it's our
business...

Contents




Highlights & key performance indicators

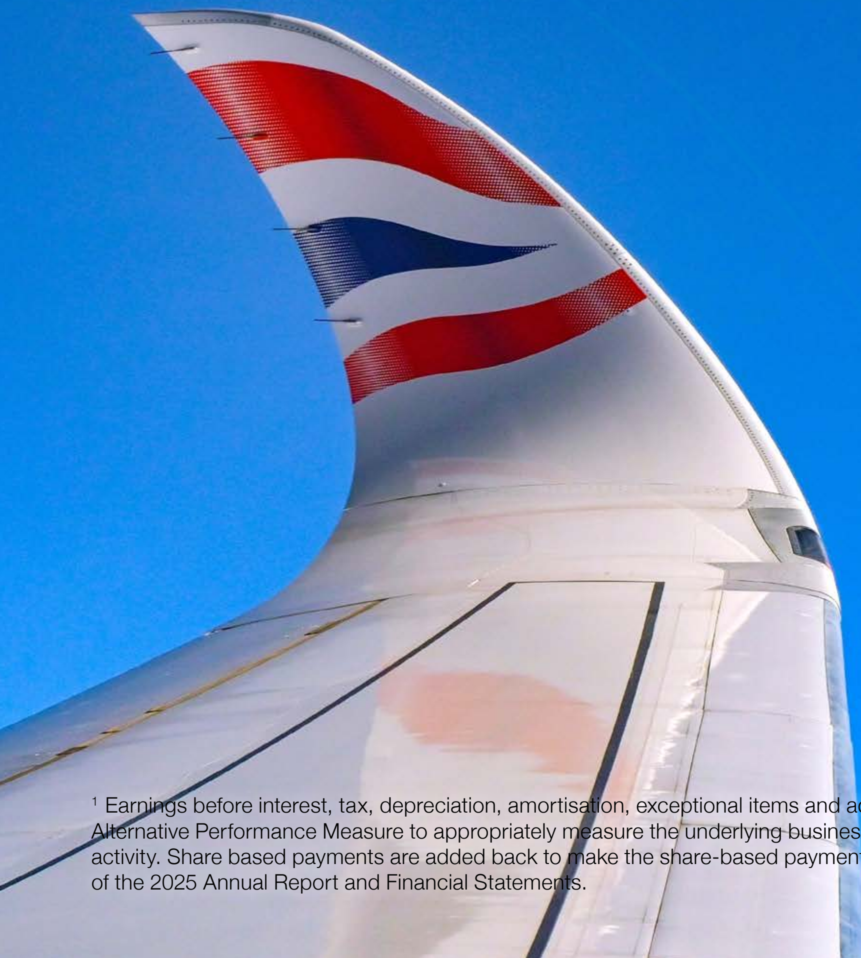
Sales Revenue
£20.7m
FY2024 £23.0m

Gross Margin %
29.5%
FY2024 25.9%

Adjusted EBITDA [1]
£1.0m
FY2024 £0.4m

Cash at Bank
£0.4m
FY2024 £1.7m

Operating Loss
£(0.7)m
FY2024 £(0.9)m



[1] Earnings before interest, tax, depreciation, amortisation, exceptional items and adjusted for 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 activity. Share based payments are added back to make the share-based payment charge clear to stakeholders. Workings are provided on page 14 of the 2025 Annual Report and Financial Statements.

MISSION

We exist to revolutionise aerospace composites manufacturing. Our mission is to empower customers to reduce waste and costs while meeting the growing global demand for advanced composites. By creating a lean, scalable supply chain tailored for a 'more-for-less' era, we deliver real, measurable value to all stakeholders—customers, suppliers, employees, and shareholders alike. This is not just about efficiency; it's about shaping the future of aerospace manufacturing through smarter processes and sustainable practices.

Driving innovation and value in aerospace manufacturing

Our culture and values

Velocity Composites thrives on a culture built around six core values that guide every decision and interaction:

• **Trust** – We believe transparency and knowledge-sharing are essential for success. By fostering trust internally and externally, we create an environment where collaboration flourishes.

• **Teamwork** – Strength lies in unity. We embrace interdependence, knowing that working together benefits both the team and the individual in the long term.

• **Passion** – Work should inspire. We cultivate an engaging environment where enthusiasm drives performance and innovation.

• **Partnership** – Our 'Customer First' mindset ensures we exceed expectations. We work closely with suppliers and partners, aligning goals to achieve shared success.

• **Agility** – Change is constant, and we adapt with speed and confidence. Our entrepreneurial spirit enables us to seize opportunities and stay ahead of industry shifts.

• **Efficiency** – Eliminating waste and creating streamlined processes is at the heart of what we do. Efficiency is not just a goal – it's our business.

Leadership

Leadership at Velocity Composites sets a tone that is customer-centric, innovative, and efficiency-driven. We champion openness and collaboration, ensuring trust and partnership remain at the forefront of our strategy. Our commitment to agility and entrepreneurial thinking positions us to anticipate and respond to market challenges proactively. At the same time, we never lose sight of the human element – passion and engagement are integral to our success. This balanced approach ensures that we remain a trusted, adaptable, and value-focused partner in the aerospace sector.

Looking ahead

As global demand for advanced composites continues to rise, Velocity Composites stands ready to lead the way. By combining cutting-edge supply chain solutions with a culture rooted in trust, teamwork, and innovation, we are shaping a future where efficiency and sustainability go hand in hand. Our mission is not just about meeting today's needs – it's about creating tomorrow's possibilities.

Chairman's Report

by **Andy Beaden** | Chairman

"In the last financial year, the Company improved its profitability..."

Introduction

In the last financial year, the Company improved its profitability, despite the challenges in the global aerospace supply chain, primarily caused by events at Boeing and Airbus. After several years of averaging 40% per annum growth, the wider industry headwinds of the past year led to a year of sales consolidation while we restructured our operations generating operational efficiencies.

Revenue fell to £20.7m in FY2025 from £23.0m in FY2024, however our greater efficiencies, and the completion of our US production facility, led to a margin improvement and an adjusted EBITDA of £1.0m, up from £0.4m. The next step is achieving profitability before and after tax, and while onboarding further new business programmes.

We expect to return to higher levels of growth again, when external factors, including delays in some key technical approvals on new programmes, especially in the US are resolved. Velocity operates in the highly regulated aerospace and defence markets, which sometimes move at a slower pace than we would like in terms of approvals, in part because of the absolute (and correct) focus on safety and manufacturing excellence.

Our experience over the last 12 months while frustrating has been useful and will improve how we approach new business opportunities in the future.

While we did win new business in FY2025, we also experienced reductions in our customers' production in the UK. There is a trend among some customers to consolidate production in mainland Europe. We are working to secure new business in Europe that can be serviced from our UK production facilities. Europe and the US are our key future growth markets for both current and new customers.

Environmental

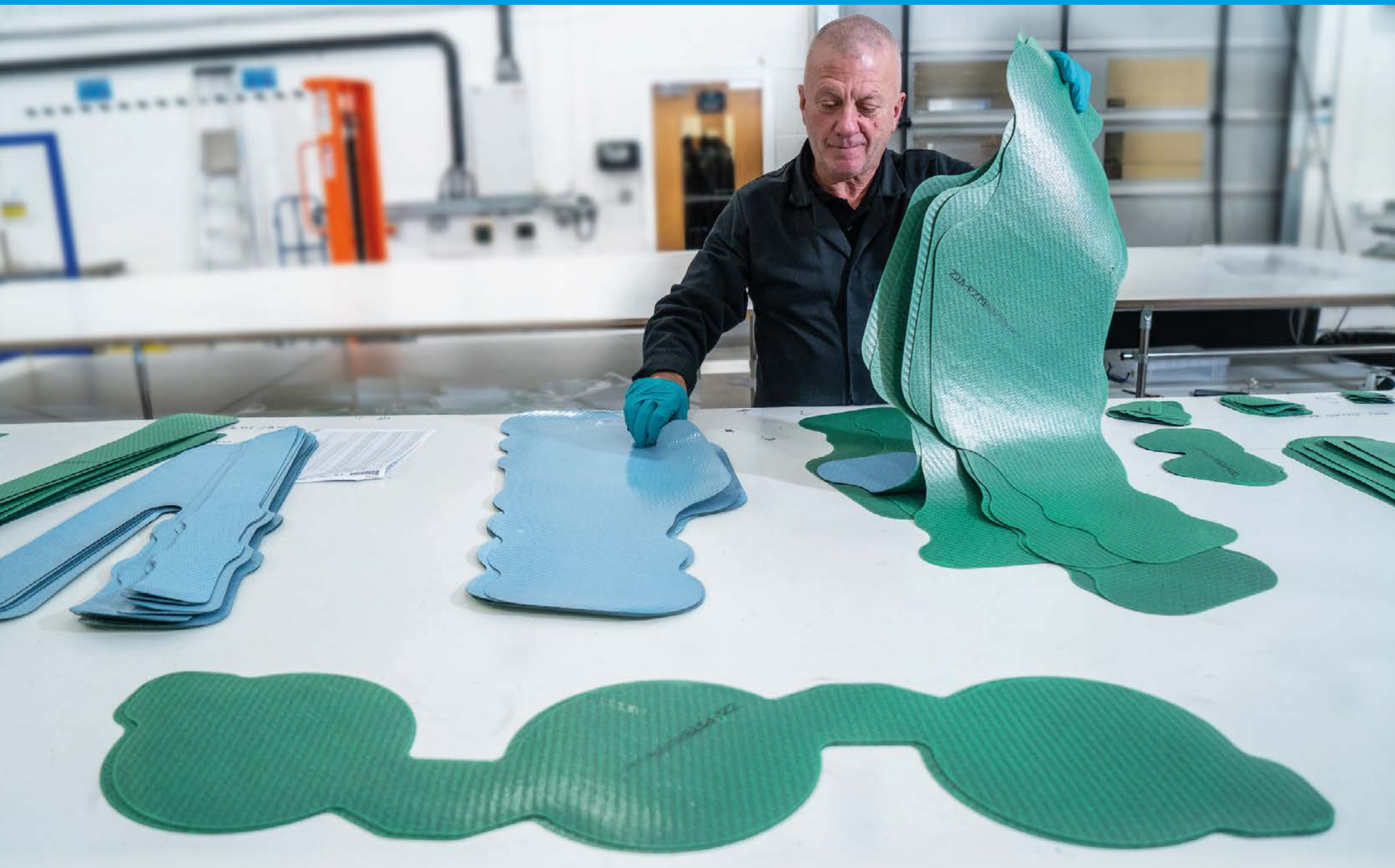
Velocity is committed to supporting the aerospace industry's environmental objectives, including reducing emissions and waste, and promoting efficient resource use. Carbon fibre, as a key material, offers significant potential to lower environmental impact, the unit cost and oil-based inputs make waste reduction essential. Velocity's services focus on minimising material waste, contributing to a net positive environmental outcome. We have a full section in this report on sustainability which is a key part of our own service offerings to the supply chain we serve in.
We are equally proud of fostering a safe and secure manufacturing environment, maintaining world-class employee safety standards.

Innovation

Our proprietary Velocity Resource Planning® (VRP) technology continues to deliver operational excellence.

This year, VRP was fully implemented at our new US facility, transforming it into a world-class advanced manufacturing site. This innovation enhances efficiency and raises service levels for our customers, reinforcing our leadership in advanced material resource planning.

We have been developing our service offering, especially around procurement and inventory



management solutions for our customers. Our ability to operate over a wider regional footprint, to align with our customers' needs, will enable us to better utilise our established manufacturing investments in the UK and USA, across the whole of Europe and North America.

People

Our lean, technology-enabled back-office structure is a key advantage for Velocity. Centralised teams in the UK support multiple factories across R&D, Engineering, Sales, and Finance, enabling scalability and cost-efficiency.

To support growth, we invested over a number of years in hiring and training a significant number of new employees, incurring upfront costs. This investment will deliver long-term commercial benefits, as well as adding expertise in Finance, Operations, and the US market. We are already seeing improved operational excellence and increased resource to pitch to customers for additional business.

I would like to thank all the staff for their support and hard work.

Board and Governance

We have an experienced Board, with the right balance of skills in terms of composites and aerospace manufacturing, supported by a focused executive management team. Within the Annual Report and Accounts, we explain how the Board and Executive operate together to achieve the strategic goals. The Report also provides a detailed analysis of our Corporate Governance structures, and as a member of the Quoted Company's Alliance ("QCA") we follow its guidance for a listed business of our size.

Conclusion

At this stage in Velocity's development our primary focus must be to win more new business, which can provide longer term growth and drive profitability.

On behalf of the Board, I extend my heartfelt thanks to all stakeholders, including our investors, for their continued support.

Andrew Beaden
Chairman
26 January 2026

Chief Executive Officer's Report

by **Jon Bridges** | Chief Executive Officer

"...the global aerospace industry is seeing growing orders, alongside planning rate increases in the defence sector..."

Overview

Overall, the global aerospace industry is seeing growing orders, alongside planning rate increases in the defence sector, but with production backlogs across all civil aviation platforms.

As a result, aircraft build rates in 2025 remained at a similar level to the previous year, despite the expectation that these would increase across the key platforms, including the Airbus A350. To be prudent, our financial forecasting is now based on flat production rates in FY2026. However, when the Company sees sustained changes in customer demand, we will revise these.

Ahead of the anticipated ramp up, the Company has made progress in terms of driving further efficiencies and improving operating margins across the business. This has meant increased gross margin and reduced overheads.

Sales revenue for the year was £20.7m (FY2024: £23.0m) at an improved 29.5% gross margin (FY2024: 25.9%). The gross margin resulted from an improved sales mix and operational efficiency gains made during the year. Administrative expenses reduced to £6.9m (FY2024: £7.0m) as we implemented a number of cost control measures to mitigate the lower sales revenue. This resulted in an improved adjusted EBITDA of £1.0m (FY2024: £0.4m).

Customers

In May 2025, we secured a contract renewal and extension with an existing defence customer that we have served since 2010, extending a major relationship with a global OEM. Furthermore, we agreed the expansion of an existing agreement with a key A350 customer to cover a wider scope of work, to include all products on a customer site for a period of ten years. The transfer of this additional work will begin in early 2026 and is covered by existing customer and OEM approvals.

As outlined above, our civil aerospace customers, existing and in-bid, did not see the production rate and revenue increases expected in the year. It is these rate increases beyond pre-2020 levels that drives the need for outsourcing of non-core activities at their sites. The delays mean customers are looking to fill their manufacturing areas by any means necessary in order to cover fixed overheads, which can mean work packages being moved internationally between customer facilities, where possible.

In FY2025, one customer in the UK has begun to transfer production to a sister plant in mainland Europe; this process is expected to continue through FY2026. Until we understand the longer-term plan of the customer, we have removed any forecasted sales for FY2027 onward from our internal budgets, as matter of prudency.

We have other long-term customers, involved in legacy programmes, which are coming to a natural end, and are not being replaced by new programmes. To mitigate this, these customers are looking at in-loading all outsourced activities (including the services provided by Velocity) to support their site overheads. Again, a prudent approach to our internal forecasting will be applied for FY2027 onwards.

Velocity will adapt to these industry changes and use our "forward stock location" way of working to manufacture kits and products at our existing sites and distribute via a small service location close to customers. New business will come from new programmes and customers that are in growth platforms and have a stable operational plan, with sites that are planned to become constrained as production rates grow. This will help to ensure long-term, strategic partnerships are formed.

With our US launch customer, we have continued to deliver our products and services for the transferred programmes. In early FY2025, we commissioned our large freezer facility at our Alabama site for the storage of raw materials and finished goods.

Due to a technical issue between our US customer and the OEM (unrelated to Velocity), we have been unable to complete the full transfer of work as expected, with the current level of transferred business at around 40% of the total project value. To offset the effect on Velocity of the delays, additional business with this customer has been identified for FY2026.

Market

Civil Aerospace

After several years of delays to the forecasted production ramp ups, customers are being cautious in forecasting corresponding increases in demand to suppliers like Velocity.

The production delays are particularly evident in key civil aerospace platforms, such as the A350 and the B737. The reasons for the delays are varied, with Airbus citing "supply chain issues" with the A350, and Boeing impacted by continued FAA oversight, after the widely reported issues in 2019 and 2023.

In addition, the protracted acquisition of Spirit AeroSystems by Boeing and the corresponding acquisition of the Airbus supply chain of Spirit AeroSystems by Airbus has been an unwelcome distraction for the industry. As these issues are resolved, production ramp ups are expected to begin.

Defence

Our defence customers, both existing and potential, are starting to plan for production rate increases. Alongside the established defence platforms, new defence contractors are entering the market, bringing innovative products into volume production. These products align to the growing need for lower cost, high volume, and readily adaptable defence systems to meet the new threats identified.

As these programmes scale up, along with the new eVTOL aircraft platforms that are starting volume production, we will look to work with OEMs and manufacturing customers who are establishing their supply chains from scratch and assist in creating these in a lean and scalable way from day one.

Progress has been made in achieving AUKUS accreditation, which is seen as assisting in the export control compliance between companies in the US, UK, and Australia as more defence programmes are worked on between these countries. We progressed specific export control compliance requirements for programmes not covered by the project or geographical areas of AUKUS.

Operations

Velocity exists to revolutionise aerospace composites manufacturing. Our mission is to empower customers to reduce waste and costs while meeting the growing global demand for advanced composites.

By creating a lean, scalable supply chain tailored for a 'more-for-less' era, we deliver real, measurable value to all stakeholders – customers, suppliers, employees, and shareholders alike. This is not just about efficiency; it is about shaping the future of aerospace manufacturing through smarter processes and sustainable practices.

We progressed this mission in FY2025 through the successful implementation and migration of our UK sites to our Odoo-based Velocity Resource Planning® (VRP) system, following successful deployment in the US. Velocity now has one unified and live system across all business areas and is helping to drive further efficiencies for customers by delivering real time control and automation of repeat tasks.

In 2025, we welcomed Oliver Smalley as Chief Operations Officer to build on the previous improvements made to our manufacturing efficiency and cost base, which has helped see gross margin improve from 25.9% to 29.5% between FY2024 and FY2025. This appointment completed the leaner executive management team with more focused areas of responsibility.

Regulatory Approvals

All our sites maintained their industry and OEM approvals, including UK sites which maintained Merit 24 status for NADCAP special processes. Our US site successfully completed its second NADCAP audit with zero findings, which as a new site is an amazing testament to the hard work and diligence of our teams. This means our Tallassee site is well on the way to joining our UK sites in Merit 24 status. In FY2026, we will look to add to these industry approvals with robust physical and cyber security accreditations to address the increasing threats and to allow us to operate to the required civil and defence customer requirements.

Strategy

As we prepare for the expected production ramp, our strategy is clear and designed to build on the progress to date, namely:

- To develop innovative products and solutions to drive cost reductions and improvements in our customers sites
- Drive internal efficiencies and quality performance to enable us to offer the most competitive services to customers at a sustainable margin
- Implement enhanced ways of working which drive faster and easier adoption of our services (VAMOS®)
- Build long term, strategic relationships with global customers with growing, diverse and stable portfolios wherever they operate
- Utilise existing manufacturing capacity to manufacture current and future kits and products and distribute to efficient forward stock locations
- Grow in Europe and North America to drive value for shareholders

Outlook

As global demand for advanced composites continues to rise, our vision is to become the supplier of choice to all high value composite manufacturers globally for value engineered raw materials. The long-term outlook for Velocity and the industry is positive given the projected significant growth in passenger traffic over the next decade and beyond.

The timing of when aircraft production rates will increase is difficult to predict, however we are focused on ensuring that Velocity is ready to deliver when the global aerospace industry ramps back up to pre-pandemic production levels and further.

Our partnerships with our customers are long term, built on our commitment, quality, and delivery. As some of our legacy programmes end, we continue to secure new programmes and are bidding for new opportunities that will provide long-term growth and value to shareholders.

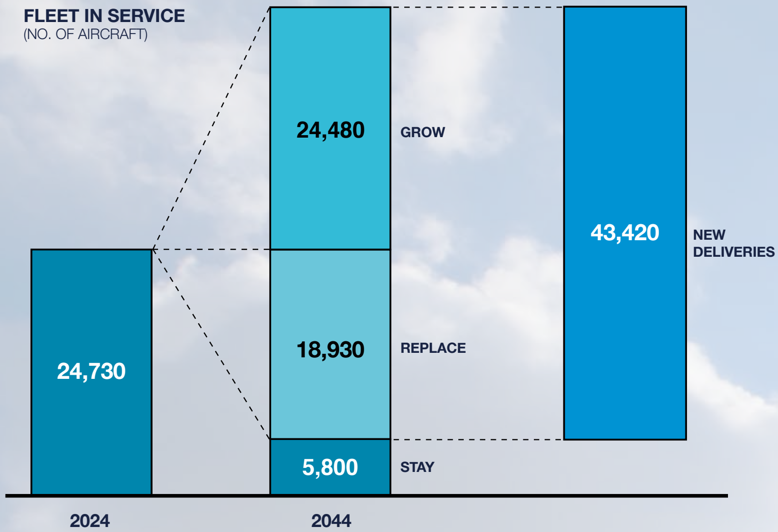
Jonathan Bridges
Chief Executive Officer
26 January 2026

Both Airbus & Boeing predict 40,000+ aircraft by 2044

Airbus: 43,420 Boeing: 43,600

Source: Commercial Market Outlook 2025-2044 pg4 (www.boeing.com/commercial/market/commercial-market-outlook) and Airbus, Global Market Forecast 2025 pg28 (www.airbus.com/en/products-services/commercial-aircraft/market/global-market-forecast)

Demand for 43,420 new aircraft between 2024 and 2044



DEMAND FOR 43,420 PASSENGER AND FREIGHTER AIRCRAFT*

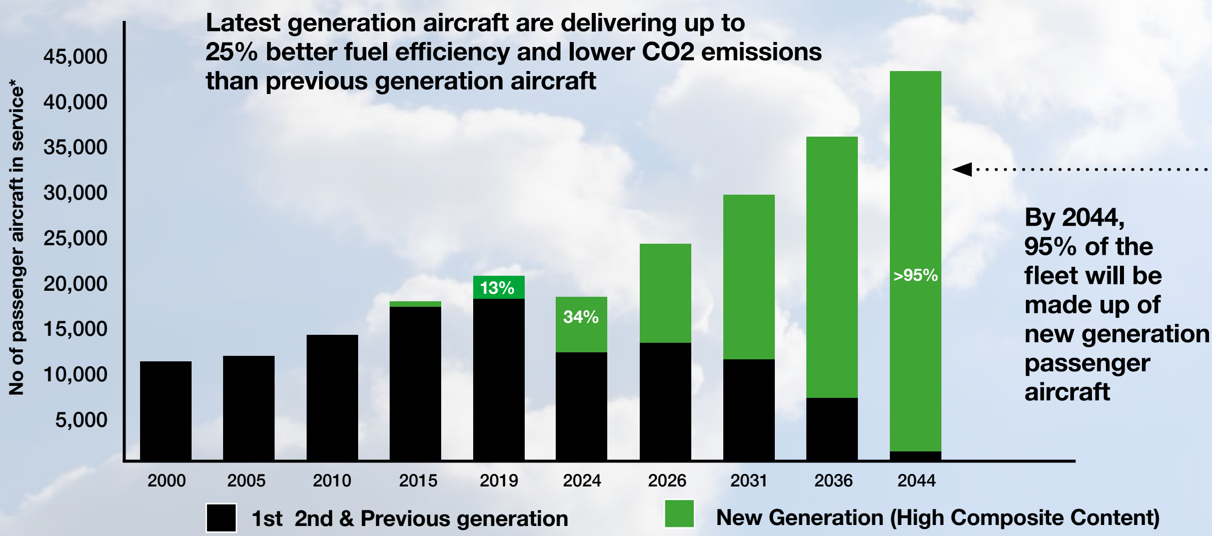
ALMOST DOUBLE IN THE NEXT 20 YEARS

HIGHER PROPORTION OF NEW DELIVERIES (~44%) WILL REPLACE OLDER, LESS FUEL-EFFICIENT AIRCRAFT

AIRBUS

Source: Airbus, Global Market Forecast 2025 (Presentation pg28)
(https://www.airbus.com/en/products-services/commercial-aircraft/market/global-market-forecast)
* Passenger aircraft (≥ 100 seats), Freighters with a payload above 10t

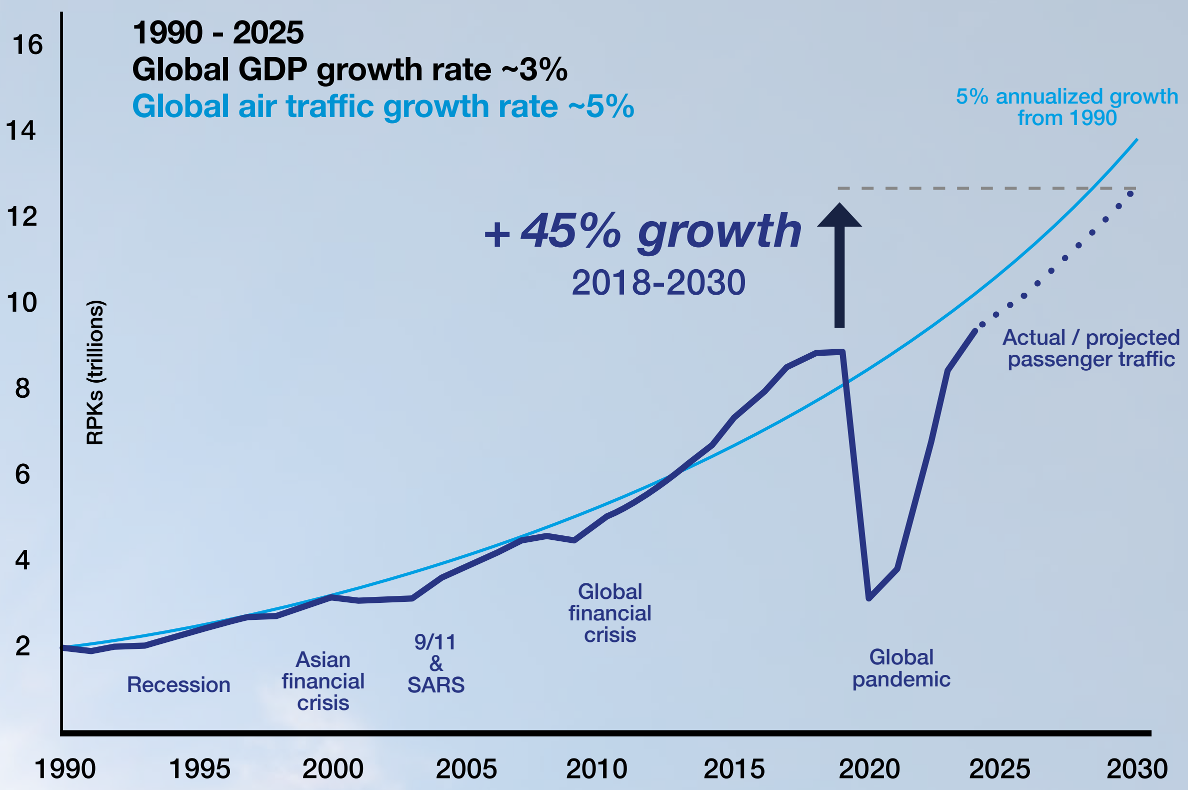
Sustainability driving growth - new generation aircraft



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

Source: Airbus, Global Market Forecast '22 (www.airbus.com/sites/g/files/jlcbta136/files/2022-07/GMF-Presentation-2022-2041.pdf)
2024 figure: Airbus, Global Market Forecast '25 (pg 10) (https://www.airbus.com/en/products-services/commercial-aircraft/market/global-market-forecast)

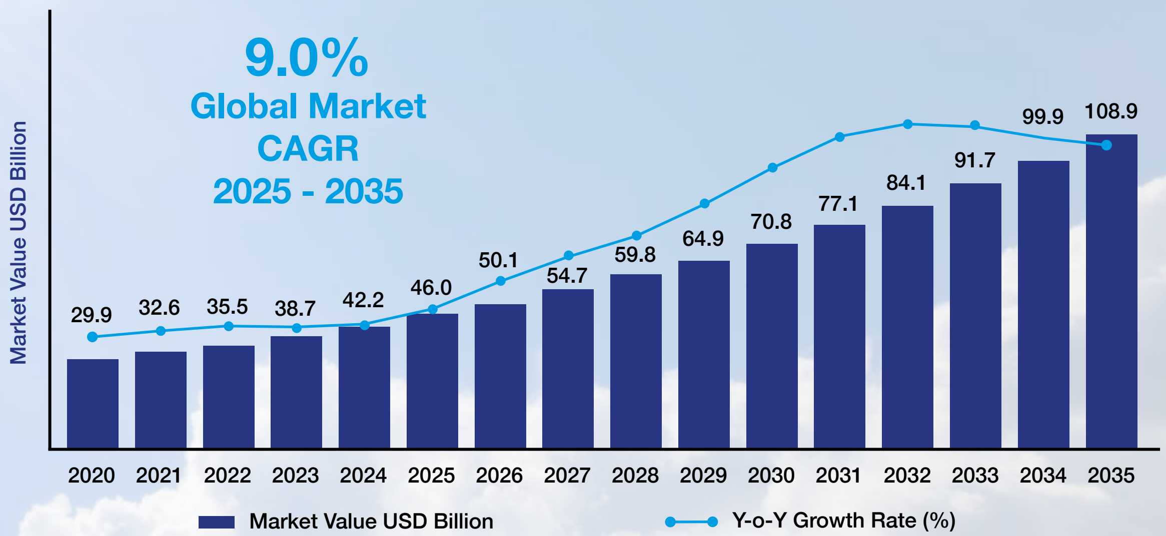
Proven resilience and a growth industry



Source: Commercial Market Outlook | Forecast. | Cirium, S&P GLobal Market Intelligence, Boeing Analysis | RPKs = Revenue Passenger Kilometers

Aerospace Composites Market

Value (USD Billion) Analysis 2025-2035



The global aerospace composites market is projected to increase from **USD 46 billion** in **2025** to **USD 110 billion** by **2035**, with a **Compound Annual Growth Rate of 9%** during the forecast period. Growth is driven by the rising demand for lightweight, fuel-efficient aircraft, as airlines and manufacturers aim to reduce operating costs and comply with stringent environmental regulations.

Source: fact.mr.com

Financial Review

by **Rob Smith** | Chief Financial Officer

Statement of Income

Group revenue for FY2025 decreased 10.0% to £20.7m (FY2024: £23.0m) the principal reasons for the decline were:

- Expected production rate increases for A350 were not achieved, this led to de-stocking and reduced production levels at two of our UK customers resulting in reduced demand from those customers.
- Lower than expected revenues from our US customer as work package transfers were delayed due to technical issues between our customer and the OEM.
- A decay in revenue from older programmes that we support and are towards the end of their production life.

Gross profit improved to £6.1m (FY2024: £6.0m) as a result of an improved sales mix and production efficiencies, particularly in the US, being realised. As a consequence, an improved gross margin percentage of 29.5% (FY2024: 25.9%) was achieved.

Reconciliation from operating loss	31 October 2025 £'000	31 October 2024 £'000
Operating loss	(718)	(931)
Add back:		
Share-based payments	386	143
Depreciation and amortisation	690	622
Depreciation on right of use assets under IFRS 16	632	540
Adjusted EBITDA	**990**	**374**

Administrative expenses in FY2025 were flat year on year at £7.0m (FY2024: £7.0m). Cost control measures introduce through the year offset inflationary increases and an increased, non-cash, share-based payment charge, as management took proactive steps to mitigate the lower sales revenue. The improved gross profit margins and lower underlying administrative expenses more than offset the reduced sales revenue with adjusted EBITDA increasing to £1.0m (FY2024: £0.4m).

The delays in transferring programmes, as noted in the CEO's report, coupled with lower demand from customers on the A350 programme and legacy programmes coming to their natural conclusion suppressed revenues during the year. However, the significant effort made on improving operational efficiency and reducing administrative expenses enabled us to deliver a considerably better adjusted EBITDA and a reduced operating loss of £(0.7)m (FY2024: £(0.9)m).

There is considerable further potential growth through OEM production rate increases on existing programmes as well as opportunities on other programmes with new and existing customers. Velocity has built an excellent capability to deliver this growth without a linear increase to its overhead base or installed manufacturing capacity. Near-term growth is expected to be delivered from existing sites giving the opportunity for further operational efficiencies without increasing administrative expenses.

Losses after tax for the year for the Group amounted to £1.1m (FY2024: £0.8m). Changes made to the UK research and development regime have resulted in a lower tax benefit from these activities and this income being fully recognised as other operating income.

	31 October 2025 £'000	31 October 2024 £'000
Cash	392	1,663
CBILS	(497)	(971)
Net (debt) cash	**(105)**	**692**

Cashflow and Capital Investment

The cash and cash equivalents balance as at 31 October 2025 was £0.4m (FY2025: £1.7m).

Operating cash inflow before working capital movements for FY2025 was £0.8m (FY2024: £0.3m inflow), this being attributable to increased gross profit and lower administrative expenses. The movements in working capital netted to £nil in FY2025 (FY2024: £0.4m outflow), and after other adjustments for taxation received, the final cash inflow from operations was £1.0m (FY2024: £0.4m inflow).

Working capital movements can be further analysed as follows. There was a negative working capital movement through a £1.3m decrease in trade and other payables from suppliers (FY2024: decrease of £0.7m). Inventory decreased by £0.4m (FY2024: decrease of £0.2m), largely due to the reduced sales revenue and improvements in operational efficiencies. Trade receivables decreased by £0.9m (FY2024: £0.2m increase) driven by the reduced sales. Overall trade receivable days were 44 days, compared to 53 days at the end of FY2024.

Cash outflow from investment activities was £0.7m (FY2024: £0.6m). Investment activities mainly resulted from capitalisation of research and development expenditure of £0.4m (FY2024: £0.4) and capital expenditure of £0.3m (FY2024: £0.2m).

Financing activities cash outflow was £1.5m in the year (FY2024: £1.4m). The outflow included repayment of loans taken out during the Covid-19 pandemic of £0.5m (FY2024: £0.5m) and repayment of finance lease capital £0.7m (FY2024: £0.5m).

The Company was in a Net Debt position at the end of the year, of £0.1m (FY2024: £0.7m). This includes Cash at Bank, offset by the outstanding CBILs balance. The Company's invoice discounting facility was undrawn at the 31 October 2025 (FY2024: undrawn)

Going Concern

The financial statements have been prepared on a going concern basis as the directors believe that the Group has access to sufficient resources to continue in business for the foreseeable future. This is discussed more fully in the Directors' Report of the FY2025 Annual Report and Accounts

Rob Smith
Chief Financial Officer
26 January 2026

Principal Risks & Uncertainties

Introduction

The Board recognises strong risk management is key to our success and achievement of our strategic objectives. A rigorous assessment of the principal risks and uncertainties facing the Group is regularly undertaken with quick and effective responses taken when needed. These principal risks carry financial, operational and compliance impacts including those that threaten the business model, strategy, future performance, solvency and liquidity. They are identified based on the likelihood of occurrence and the severity of impact on the Group that could result in damage to our reputation or business performance. The Board is committed to managing risk within the business and maintains a risk register that is kept up to date with input from the senior management team.

This year we have restructured the presentation of the principal risks and uncertainties to focus on the major ones facing the business. In addition to the principal risks, the Group is subject to a range of other risks and uncertainties. The Board through the Audit and Risk Committee, maintains a risk register and reviews this biannually to ensure the Group's operational management identifies actual and potential risks and develops appropriate mitigating activities to ensure these risks are managed.

These risks, which apply to many other industries, include:

- Financial
- Political, economic and regulatory environment
- Exchange rate fluctuation
- Competition
- Health and safety
- Ongoing geo-political insecurity (including tariffs, conflicts in Ukraine and elsewhere)

Approach to managing risk

The Board is ultimately responsible for the overall risk management system and internal controls applied throughout the Group to ensure a structured and appropriate approach to risk is taken in line with strategic priorities and risk appetite. The Audit and Risk Committee is responsible for oversight of risk management and reports to the Board with its findings. The directors recognise that risk is inherent in any business so actively manages rather than eliminates risk to achieve business objectives which includes review of the effectiveness of these controls.

Risk management within the Group is managed by the Executive and Senior Management Teams which includes the Executive Directors.

The teams are responsible for:

- Identifying the risk and the negative and positive risk circumstances;
- Assessing and evaluating the likelihood and impact of those risks;
- Reporting the risk; and
- Managing the key risks in accordance with established processes under the Group's operational policies and controls.

Regular reviews of the Group's risk register are undertaken that consider existing and emerging risks, risk scores and mitigation action plans prepared by risk owners to manage and reduce the risk. Risk mitigation is embedded into our standard operating procedures. Reporting

within the Group is structured so that key issues can be escalated rapidly through the management and executive teams and to the Board where appropriate.

We monitor new and emerging risks closely. We have not added any new major risks to the risk register but monitor macro-economic and global geopolitical risks that have increased risks and opportunities within the Aerospace sectors.

We have not downgraded any significant risks from the register of significant risks and uncertainties but have been able to successfully reduce some of them in the year which are presented in the table below.

The customer concentration risk also presents an opportunity as well as potential downside. Additional sales to existing customers represents some of the more significant growth opportunities but would result in increased customer concentration.

In recent years the global economy has had to deal with challenges from the introduction of a new tariff regime in the US as well as the ongoing conflict in Ukraine. The pandemic significantly affected the industry and orders for new aircraft were either postponed or cancelled. Throughout the aerospace industry, manufacturing output and capacity was sharply reduced during 2020 and 2021. Air travel has seen a strong recovery from 2021 to 2025, marked by rising passenger demand and a projected 2025 milestone of surpassing 5 billion passengers for the first time. However, the industry faces significant challenges, including supply chain issues impacting aircraft and parts deliveries, which create capacity constraints. Civil aircraft production rates continue to be constrained, and industry has faced a number of challenges in rebuilding capacity. In particular Velocity Composites has been exposed to delays in increasing production rates of A350. The protracted acquisition of Spirit AeroSystems by Boeing has further hindered industry recovery with aircraft output being affected. These issues have cascaded down the supply chain and resulted in short-term demand fluctuations that Velocity continues to manage.

The geopolitical and macro-economic environment has continued to present opportunities and challenges. Inflationary pressures seen since the Covid-19 pandemic and the start of the war in Ukraine have abated somewhat but continue to impact the supply chain. Our UK internal labour costs have been affected by increases in employers National Insurance contributions and utility costs have continued to increase, albeit at a slower rate than 2022 - 2024. Velocity has focussed on controlling administrative expense to mitigate inflation. Whilst the majority of the programmes

Velocity supplies to are civil aircraft, the business is seeing a significant increase in demand on defence programmes which accounted for approximately 24.7% of sales in FY2025.

The Group undertakes various risk mitigation activities which included planning ahead to help mitigate supply chain disruption; undertaking other capacity planning assessments with customers and suppliers; ensuring any tariff and tax changes were fully covered in contracts.

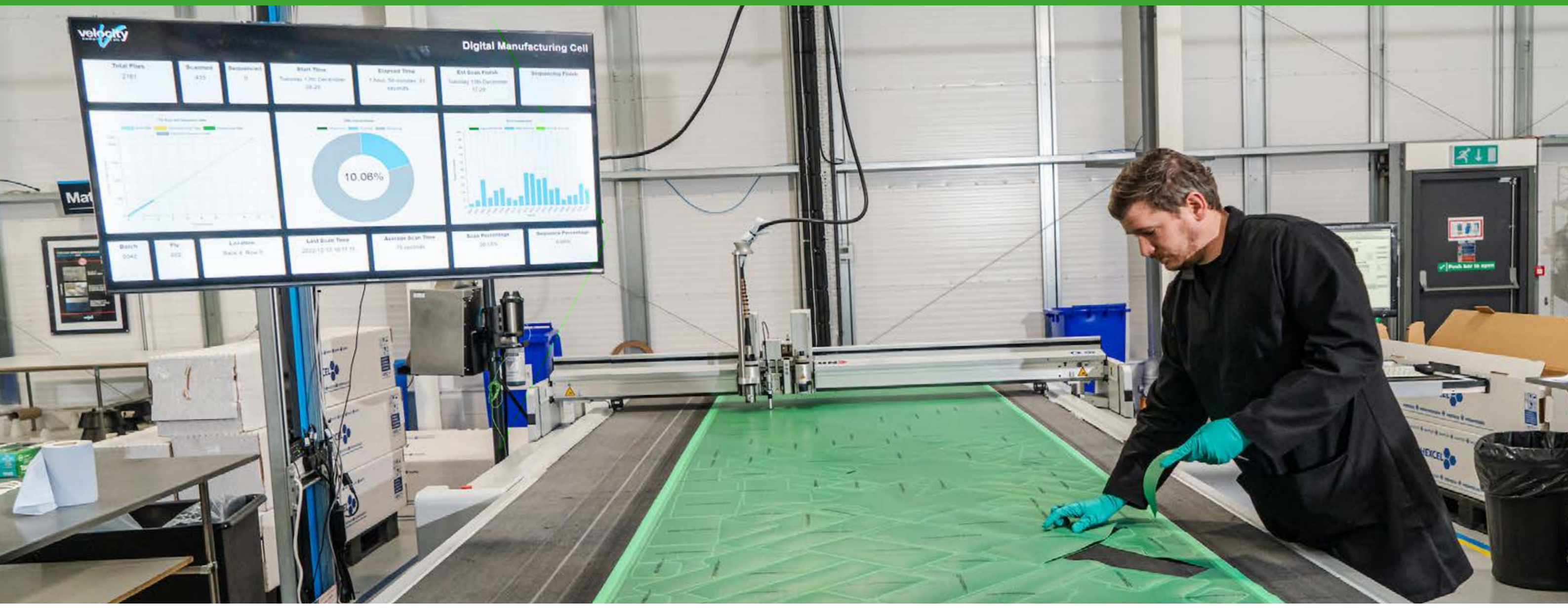
The delays in work package transfers from our lead US customer has resulted in cash consumption during FY2025 requiring the Group to use existing cash resources and facilities. This has meant that cash flow forecasting and capacity planning continue to be a key priority.

Despite the short-term uncertainties in the aerospace sector, the overall industry forecasts continue to be positive. The strength of the longer-term forecast from the aircraft manufacturers, suggests that there will be a 10-fold increase (Source: Airbus and Boeing Global Market Forecast) in the use of composites over the next 20 years. The Board is reassured by past precedents of crises in the industry that have not curtailed the underlying trend of growth in the market.

The Group's principal risks and actions to mitigate these risks are set out in the table below. These are the risks that Management believes are the most material to the business and which might prevent the Group from achieving its strategic objectives if not managed accordingly.

Risk	Change in Year	Impact	Mitigation
Loss of Key Contracts / Customer Concentration	**High / Increased**	The aerospace sector has a concentration of very large primary aircraft manufacturers and Tier 1 suppliers. These form the core of the Group's customer base. The loss of any of the Group's major contracts with these large customers may have a material impact on the business, prospects, financial condition, or operations. This risk has increased due to the delay in increase in production ramps at the major OEMs on key platforms (A350 and B787), tier 1 composite part manufacturers are looking to utilise in house capacity rather than outsourcing strategies. Management continues to wary of this risk given the current dynamics in the aerospace sector.	The Group nurtures relationships with key customers in order to understand their business and to identify further opportunities to support them. In addition to working tirelessly to deliver excellent customer service levels for the existing business, the Group is actively developing its pipeline with the aim of securing new contracts. Aircraft are increasingly being manufactured using composite material. Key to any mitigation is that the business operates through long-term contracts and when an initial contractual period comes to an end, unless the customer invokes the termination clause, the supply of product continues on the basis of 4-week firm demand commitment and 12-month forward demand forecast (against which the Company places orders on material suppliers with purchase order cover). Customers are contractually committed to any material orders within the lead-time placed on their behalf.
Dependence on Third Party Supply	**Low / Unchanged**	The Group's business depends on products and services provided by third parties. Any interruption to the supply of products or services by third parties, problems maintaining quality standards and delivering product to specification, or problems in upgrading such products or services, the Company's business will be adversely affected. Appropriate stock levels must be maintained to meet customer contractual requirements.	The Group manages its relationships with suppliers through the commercial and operational teams. Many products are single sourced for air frames and engines; the product type being defined by the customer. Orders are placed according to the supplier delivery schedule, paid for on time and contractual buffer stocks maintained. During FY2024 Velocity signed supply agreements with its two main raw material suppliers. Our rigorous forecasting processes allow us to identify shortages in supply early and where lead times are extended beyond our control, three-way discussions are actively sought out early between Velocity, the end customer and the material supplier to resolve.
Cyber Security	**High / Increased**	The frequency of cyber-attacks appears to be increasing. With a number of well reported incidences in the UK. With the sensitive data used by Velocity and the growth strategy projected, this will become increasingly prominent.	Management regularly reviews the strength of the IT infrastructure within the business and undertakes third party audits to reinforce this. Through a combination of encryption, regular backups, firewalls and limited third party access points the current structure is deemed secure.

Risk	Change in Year	Impact	Mitigation
Reliance on Key Individuals	**Medium / Unchanged**	The success of the Group will depend largely upon the expertise and relationships of the Board and other senior employees. The loss of any of the key individuals could impact the Group's ability to deliver its strategic goals.	Salary and benefit levels are competitive and reviewed on a regular basis, with bonus and equity schemes to reward longer term performance. Annual performance reviews and development plans are carried out throughout the organisation whilst operational staff are also benchmarked regularly to ensure Velocity remains an attractive place to work, with compensation reflective of a high-value manufacturer. During FY2025 the company issued share options under a its Long-term Incentive Plan to senior managers and Executive employees.
Liquidity Risk	**Medium / Unchanged**	Insufficient cash to meet the needs of the business in near or long-term.	Preparation of detailed cash flow forecasts allow the Group to understand the financial position both now and in the future and can be used to mitigate the risk of there being insufficient funds available. The forecasts are kept up to date and reflect the latest views on sales, purchases and facilities available. Scenario analysis is also carried out to understand the liquidity implications should performance be favourable or adverse to forecast. The business became adjusted EBITDA positive in FY2024 and this trend continued in FY2025 with cash generation from operations. Investing and financing activities have continued to consume cash, but the company is on track to complete the repayment of the bulk of its CBIL loans in 2026. Ultimately the Company has access to both debt and equity financing and the listing on the AIM market helps provide access to equity finance if growth requires further significant investment.



Sustainability Report

Our Commitment

From the way we source our materials to the technology that provides our data-driven processes, we are a responsible organisation committed to operating in an ethical, sustainable way.

Velocity's customers have been able to benefit by reducing material waste by up to 20 per cent, while also creating operational, stock and process efficiencies in a way which enables them to be more sustainable themselves.

These savings not only help companies to become more efficient and competitive but can help mitigate the impact of rising material costs while closing the gap on achieving the very real environmental targets for the aerospace sector. The Government has set a legally binding target for the UK to reach net zero by 2050 and has published a Jet Zero Strategy setting out what will be needed to ensure that aviation plays its part in meeting this target.

Velocity has adopted the EcoVadis platform to help us guide, manage and improve our ESG performance and has established a cross functional team under the stewardship of David Bailey, on of our Independent Non-Executive Directors.

Environmental, Social and Corporate Governance

All members of the Board believe strongly in the value and importance of Environmental, Social and Governance (ESG) and in our accountability to all of Velocity's stakeholders, including investors, staff, customers and suppliers.

Velocity Composites plc has developed an ESG process to enhance its risk management and ensure regulatory compliance. We believe that our focus on ESG will benefit investors and customers who prioritise sustainability and ethical practices, strengthening our market position and brand reputation. Our ESG initiatives drive operational efficiencies and innovation, leading to long-term profitability and resilience. The Board recognises the importance of developing, setting and monitoring key performance indicators to measure improvement over time and is committed to introducing these through FY2026.

The Board has adopted the Quoted Companies Alliance (QCA) Corporate Governance Code. The Board believes that the QCA Code is most appropriate for the size, risks, complexity and operations of the Company and is reflective of the Group's values. Details of the Group's compliance with the 10 principles of the Code are set out in the Governance section of this Annual Report.

Addressing the opportunities and challenges of aerospace net zero

By the nature of what we do as composites kitting suppliers, we sit at the heart of the issues surrounding the journey towards net zero and becoming increasingly sustainable. To that end, using the principles of an Environmental, Social and

Governance (ESG) Strategy helps us to measure our impact on the environment and society.

We are a data-driven organisation. Smart technology and real time data is at our fingertips and enables ourselves and our partners to make informed decisions based on true information. However, as we make huge strides in technology, we are aware that we are part of the solution and the problem, and we see it as our responsibility to address the challenges presented by the ambitions of the industry and the journey to net zero.

We need to continually ask ourselves; how can we become more efficient, make composites easier to manufacture with, reduce weight further, and create materials that are even lighter and stronger to enable aircraft to fly faster and further whilst using less fuel? With their characteristics of strength, durability and lightness, carbon fibre composites are being adopted to meet global net zero strategies across many industry sectors including automotive, defence, renewable energy, and construction.

The optimisation of the use of raw materials is a significant challenge for the composites sector. The increasing need to reduce waste, make efficiencies through the manufacturing process and deliver to the highest quality standards makes our service increasingly compelling for our customers.

However, because of their long lead times, controlled storage requirements, shelf life and batch traceability needs, single sources and limited raw material formats (roll widths, roll lengths), the supply chain needs to be managed effectively to prevent over ordering, under ordering, poor utilisation and loss of traceability.

Any of this presents a challenge, but when they and their effects are added together over extended lead times, with multiple raw material streams per individual kit, the need for real time management is critical, and this is before any raw material enters a production area.

The UK is a world leader

Velocity's technology and service model starts with long-term demand management of our customers' kit consumption to determine our raw material order book and continues for many months until the raw material is delivered, kit manufacturing takes place, and the kit is delivered into our customers' production areas.

Whilst the value of raw materials is significant, the products they help create are worth vastly more. This will only increase as sectors including renewable energy, transport, defence, infrastructure and construction ramp up their use of composites in line with net zero goals.

The UK is a world leader in composite manufacture. Composites UK, the trade body for the wider composites material sector in the UK, states on its website "in the last exploration of data from 2023, the UK Composites Sector continued its strong growth trajectory, reaching a total value of £13.36 billion – an 8.63% increase from the previous year" (Composites UK, 2025).Nearly 50,000 people are now employed in the industry, reflecting the high-value, skilled roles composites support across the country.

The global composites market size was estimated at USD 93.69 billion in 2022 and is expected to reach USD 163.97 billion by 2030, growing at a CAGR of 7.2% from 2023 to 2030. This growth is attributed to the rising demand for lightweight components in the automotive and transportation industry. (Grand View Research, 2025)

The future will be defined by the need to do more, with less, in the face of ever-increasing international competition. The UK cannot meet its net zero targets without composites. They are both a strategic asset and key differentiator for the UK and will underpin government strategies around Hydrogen, innovation, industrial and transport decarbonisation, exports and net zero.

The needs of net zero will only ever become more pressing, so the long-term business case for more sustainable composites looks compelling.

Propel the industry forward

The way this technology, and the real time data it creates, can be adapted and exploited to revolutionise composite supply chains across all sectors is helping to propel the aerospace industry forward.

Against this, there is the rising demand in the Defence sector for composite materials on land, in the air and at sea with various conflicts around the globe coming into sharp focus.

In the supply chains, this means we have opportunities to adapt our technology and data to meet these demands, whilst at the same time considering the needs of decarbonisation and circularity of products into other uses. With a global shortage of carbon fibre also on the horizon, a truly 'circular economy' for composites makes absolute sense.

To move us further towards becoming a sustainable business in the true sense of the word, we have created our own ESG Committee at Velocity which is making progress along the road to net zero with individuals responsible for specialist areas in finance, operations, projects and sales.

As a starting point, we looked to the United Nations and its 17 Sustainable Development Goals (SDGs). Of these, we have identified our priorities to benchmark and measure progress, and this means setting targets for emissions reductions, monitoring energy usage and looking at all operations and processes.

For the environment part of ESG, we are looking at reducing unconsumed raw materials, re-using offcuts from the manufacturing process, and recycling composite materials. Indeed, Velocity Composites has always been about more than just cutting shapes. We have used our in-house proprietary technology and data to ensure our customers get the best value by providing kits which reduce all forms of waste from the composites supply chain.

Our managed service allows companies to wholly remove the composite supplier management out of their supply chain, outsourcing the whole process to us where we can manage every step in real time within our dedicated teams and digital processes, whilst providing full traceability and creating operational savings and improvements in cash flow.

The icing on the cake is the realised material savings from our demand management and nesting operations to produce the kits we supply just-in-time to our customers.

Reduce material waste by 20 per cent

Using our processes and technology, Velocity's customers have been able to reduce material waste by up to 20 per cent, while also creating operational, stock and process efficiencies in a way which supports staff and manufacturing areas to be more productive.

A key element of composite waste, and savings that can be made in the supply chain, are related to expired material risk, and we use our technology and data to manage and optimise our raw material order books to align with our customers demand, control material life when we receive it and reduce waste in our kit manufacturing areas.

With the Velocity technology and data to manage the entire supply chain better these 'famine and feast' cycles of available raw materials are eliminated, enabling our kit manufacturing to focus on raw material efficiency optimisation and on-time deliveries. This in turn allows our customers to focus on part manufacture, defending their manufacturing plans and internal continuous improvement activities to drive their own efficiencies.

Because of this our own current level of raw material operational waste across all of our programmes stands at a fraction of one per cent – and we continually aim to improve this as our technology, data and processes improve.

Achieving very real environmental targets

These savings not only help companies to become more efficient and competitive but can help mitigate the impact of rising material costs while closing the gap on achieving the very real environmental targets for the aerospace sector which stand at 15 per cent carbon reduction by 2030, 40 per cent by 2040, and achieving net zero by 2050.

As the industry progresses along the net zero journey, improvements become more marginal, and so the granularity of the real time data that Velocity creates and possesses becomes ever more valuable as we collectively identify and deliver the savings needed.

Addressing the social element of ESG means considering employees, sharing important information for their own roles and in their everyday lives and encouraging uptake of these principles in the communities in which we operate.

The governance of ESG also plays a key part in how we are conducting this programme. Indeed, we are constantly looking at how we are managed and how transparent we are to our employees and shareholders. ESG investors rightly want to support companies that make decisions that are beneficial for the environment and society.

As we move along the road to net zero, we are continuing to establish our ESG framework. The measures we are setting this year will set the benchmarks for the net zero plan next year.

With an ambitious programme to reach net zero by 2050, the aerospace industry has set itself a challenge, but along the way there are also real opportunities for the supply chain to conduct increasingly efficient, profitable business models.

At Velocity, we feel that our business model, along with the digital data we generate and analyse, puts us in a strong position to play an important part in helping our suppliers, ourselves and our customers meet the needs of the wider industry for now and the longer term.

Streamlined Energy and Carbon Reporting Regulation (SECR) Statement

At Velocity Composites plc, we are committed to reducing energy and greenhouse emissions in line with our corporate targets. During FY2025 we completed the first phase of EcoVadis data upload to establish our base line. This has allowed Velocity to gain a clear path to meet corporate sustainability goals, and drive impact at scale by guiding the sustainability performance improvement of Velocity and our value chain.

For the financial year ending 31 October 2025, we are reporting under the Streamlined Energy and Carbon Reporting legislation (SECR).

In the reporting year, Velocity Composites plc Group consumed 1,832,215kWh of energy associated with Scope 1 and 2 greenhouse gas emissions (2024: 1,822,354kWh).

The greenhouse gas emissions associated with the above supplies have been calculated to be 22.35 tonnes (5.9%) (FY2024: 24.09 tonnes (6.5%)) of CO_2e 'Scope 1' and were associated with natural gas purchases, diesel fuel and propane. 'Scope 2' emissions were 352.71 tonnes (94.0%) (FY2024: 347.13 tonnes (93.5%) and were associated with electricity purchases.

The direct environmental footprint over the last two years is as follows:

	FY2025	%	FY2024	%	CHANGE
ENERGY USE (Kwh)					
Scope 1 Energy					
Natural Gas	25,362	1.38%	26,297	1.44%	-0.06%
Diesel (fuel for vans)	86,012	4.69%	102,393	5.62%	-0.93%
	111,374	**6.07%**	**128,690**	**7.06%**	**-0.99%**
Scope 2 Energy					
Electricity	1,720,841	93.92%	1,693,664	92.94%	0.99%
	1,832,215	**100%**	**1,822,354**	**100%**	**0.00%**
GHG EMISSIONS (TONNES CO_2e)					
Scope 1 Energy					
Natural Gas	1.10	0.29%	1.11	0.30%	-0.01%
Diesel (fuel for vans)	21.25	5.67%	22.98	6.19%	-0.52%
	22.35	**5.96%**	**24.09**	**6.49%**	**-0.53%**
Scope 2 Energy					
Electricity	352.71	94.04%	347.13	93.51%	0.53%
	375.06	**100.0%**	**371.22**	**100.0%**	**0.00%**
INTENSITY RATIO					
Revenue (£m)	20.7		23.0		-10.0%
GHG (Tonnes) emissions per £m revenue	18.1		16.1		12.4%

Our electricity and gas consumption has been calculated based upon kWh metered and invoiced supplies in all instances.

Emissions conversion from kWh were calculated using UK Government (DESNZ) greenhouse gas conversion factors. Where required for CO_2e reporting, energy was converted into an emissions-equivalent figure using an emissions factor of 0.207 kg CO_2e per kWh.

Statement of Corporate Governance

Dear Shareholder,

I am pleased to present the Velocity Composites plc Governance report for the year ended 31 October 2025.

The Board recognises the value of good corporate governance as the basis for promoting the long-term growth and sustainability of the business. Governance arrangements are reviewed on an ongoing basis to ensure they are fit for purpose, and the Board consider that the Quoted Companies Alliance Corporate Governance Code 2023 (the "Code") provides the most appropriate framework for governance for the Company's size and complexity. This year is the first reporting year covered by the revised code and in preparing this year's Annual Report we conducted a gap analysis on variances between the revised Code and the FY2024 Report and Accounts to ensure better implementation and communication of our compliance. The results of this analysis identified gaps relating to culture, ESG integration, board and committee independence, remuneration transparency, and transition planning. Details of the gap analysis are set out within the report.

The Governance report includes the corporate governance statement, the Audit and Risk Committee report, the Directors' remuneration report, Nomination Committee report' the Directors' report and the Independent Auditors' report to the members of Velocity Composites plc which describes how the Group has applied the main principles of the Code during the year. Further information on compliance can be found on the Velocity Composites plc website at www.velocity-composites.com/investors.

I am aware that it is my responsibility to ensure that Velocity Composites plc has the governance arrangements in place to support effective leadership and promote the long-term success of the Company and that these arrangements are followed in practice.

Andy Beaden
Chairman
26 January 2026

Introduction

The Board acknowledges the role that the ten QCA Code principles has in providing structure to the Group's corporate governance framework. This section explains how we have adopted the QCA Code, including those provisions where we do not currently comply.

QCA Code Compliance Gap Analysis and Transition Plan

An assessment of QCA Corporate Governance Code (2023 Update) and Velocity Composites plc FY2024 report and accounts was conducted prior to the preparation of the FY2025 report and accounts so that non-compliances could be identified, and corrective actions or explanations could be included in this year's report.

Key gaps relate to culture, ESG integration, board independence, diversity, remuneration transparency, and transition planning.

The key gaps, actions and explanations are set out below:

Disclosure subject	Comment	Gap	Action
Purpose & Culture	Business purpose and strategy outlined; sustainability referenced.	No narrative on corporate culture, tone-from-top, or monitoring mechanisms.	Statement on corporate Vision, Mission, Values included in Strategic Report. Measurement tools, reporting on values alignment, and remediation processes to be introduced during FY2026.
ESG & Stakeholder Engagement	Sustainability report included. Section 172 statement included.	Lacks material ESG metrics (climate, workforce) and impact of stakeholder feedback.	Stakeholder engagement outcomes included under commentary of principle 10. ESG KPIs to be developed and implement during FY2026.
Board & Committee Composition and Independence	Governance statement confirms QCA adoption	a) Board Chairman is also Chairman of the Audit and Risk Committee. b) CFO is also the Company Secretary. c) No explicit disclosure of independent NED ratio, committee independence, or tenure.	a) Board and Audit and Risk Committee Chairmanship discussed below. b) CFO / Company Secretary role confirmation discussed below. c) Number of independent directors and ratio set out in Directors' report. Committee composition disclosed under committee reports. Independence indicators discussed in Directors' report.
Board Refreshment	Board member names listed	Directors' tenure information not disclosure; no succession planning narrative.	Tenure disclosed under Director's remuneration report. Succession planning narrative included under Nomination Committee report.
Remuneration Transparency	Directors' remuneration policy included.	No AGM voting results.	Remuneration vote outcomes disclosed on Company website and within Remuneration Committee report.

Explanations of non-application of Code

Chair of the Board and Audit and Risk Committee

The QCA Corporate Governance Code recommends that the Chair of the Board should not also chair the Audit and Risk Committee. Velocity Composites plc acknowledges this guidance but, due to the size and structure of the Board, the Chair currently also serves as Chair of the Audit and Risk Committee.

Justification

The Board believes this arrangement is appropriate at this stage of the Company's development because:

- The Chair is an independent non-executive director with significant financial and governance experience..
- The Board is a relatively small, cost-effective team, and the other independent non-executive directors bring key experience around other areas of operational and commercial oversight. This provides an effective balance of different skills, ensuring the board is a strong collective.

Mitigating Measures

To safeguard independence and maintain robust governance, the following measures are in place:

- The Audit and Risk Committee comprises a majority of independent non-executive directors.
- External auditors have unrestricted access to the Audit and Risk Committee and can meet privately with members without executive management present.
- The Audit and Risk Committee's effectiveness and independence are reviewed annually by the Board.
- The Board keeps this arrangement under regular review and will consider appointing a separate Audit and Risk Committee Chair as the Company grows.

CFO / Company Secretary Role Combination

Velocity Composites plc notes that the roles of Chief Financial Officer and Company Secretary are currently held by the same individual. The Board acknowledges that the QCA Corporate Governance Code recommends clear allocation of responsibilities to ensure effective governance and independence.

Justification

The Board considers this arrangement appropriate for the following reasons:

- The Company operates with a lean management structure, and combining these roles supports efficiency and cost-effectiveness.
- The individual holding both roles has extensive experience in financial management and corporate governance, ensuring competence in fulfilling both responsibilities.

Mitigating Measures

To support robust governance and safeguard independence, the following measures are in place:

- The Board and its committees retain full oversight of governance and compliance matters, with direct access to external legal and governance advisers when required.
- The Audit and Risk Committee, composed entirely of independent non-executive directors, reviews all financial reporting and governance processes independently of executive management.
- The Company Secretary function is subject to periodic review by the Board to ensure compliance with statutory and regulatory obligations.
- The Board will keep this arrangement under review and consider separating the roles as the Company grows and its governance requirements evolve.

Code Application

Principle 1.
Establish a purpose, strategy and business model which promotes long-term value for the shareholders

As explained within the strategic report of the Annual Report, our strategy is to be the leading supplier of composite material kits to aerospace industry, that reduce costs and improve sustainability.

Velocity manufactures advanced composite material kits for use in the production of carbon fibre composite parts for aerospace and potentially other high-performance manufacturers.

With the likelihood of increased governmental expenditure on defence programmes, Velocity has also targeted this subset of the industry. There has been a step-change in the use of carbon fibre in aircraft as manufacturers look to reduce aircraft weight and improve their efficiency to deliver greater sustainability. By using Velocity's proprietary technology, manufacturers can also reduce costs and free up internal resources to focus on their core business. Velocity has significant potential for expansion, in the UK, EU and US.

The core focus continues to be in the aerospace industry, and the customer arrangements are almost exclusively based on long-term contracts, typically for a 3-to-5-year period.

Principle 2. Promote a culture that is based on ethical values and behaviours

Velocity Composites thrives on a culture built around six core values that guide every decision and interaction:

- **Trust** – We believe transparency and knowledge-sharing are essential for success. By fostering trust internally and externally, we create an environment where collaboration flourishes.
- **Teamwork** – Strength lies in unity. We embrace interdependence, knowing that working together benefits both the team and the individual in the long term.
- **Passion** – Work should inspire. We cultivate an engaging environment where enthusiasm drives performance and innovation.
- **Partnership** – Our 'Customer First' mindset ensures we exceed expectations. We work closely with suppliers and partners, aligning goals to achieve shared success.
- **Agility** – Change is constant, and we adapt with speed and confidence. Our entrepreneurial spirit enables us to seize opportunities and stay ahead of industry shifts.

- **Efficiency** – Eliminating waste and creating streamlined processes is at the heart of what we do. Efficiency is not just a goal–it's our business.

The culture of the Group is characterised by these values which are communicated regularly to staff through internal communications and forums. The core values are also communicated to prospective employees in the Group's recruitment programmes and are considered as part of the selection process.

The Board believes that a culture based on the six core values is a competitive advantage and consistent with fulfilment of the Group's mission and execution of its strategy. It is the responsibility of the Executive Committee to evaluate how the Company might better achieve these objectives, and report to the Board on a regular basis.

Principle 3. Seek to understand and meet shareholder needs and expectations

Under the current Board structure, Velocity engages in regular dialogue with its shareholders through a structured Investor Relations programme. The Group seeks to provide effective communications through the Interim and Annual Reports, as well as regular trading updates through Regulatory News Service announcements. Information is also made available to shareholders through the Group's website (www.velocity-composites.com/investors).

The Board offers to meet with those institutional and major private investors that wish to do so at least twice a year following the announcement of results. These meetings include a presentation of the latest financial performance, a wider business update and discussion of the longer-term plan. These meetings are normally attended by the Chief Executive Officer and Chief Financial Officer. Additionally, the Chairman is available to speak with shareholders at their request. The presentations given at these meetings is also made available on the Company's website.

Engagement with other key shareholders is also welcomed, with the Directors and other executives meeting both private and institutional shareholders from time to time. The Annual General Meeting presents a further opportunity for all shareholders to meet the Board and other senior managers from across the business.

Principle 4. Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success

The Group takes its corporate social and environmental responsibility very seriously and is focussed on maintaining and strengthening effective working relationships across a wide range of stakeholders including shareholders, employees, customers and suppliers.

Our stakeholder engagement recognises the materiality and impact of our stakeholders on the achievement of the Company's strategy. The Section 172 (1) Statement and Stakeholder engagement sections within the Governance report provide more information on this.

The Board and senior management seek to engage with all stakeholders including employees, customers, suppliers, shareholders, industry bodies and local communities in a way to promote the longer-term success of the business.

The main mechanisms for wider stakeholder engagement and feedback can be summarised as follows:

Customers
Dedicated staff in the businesses are responsible for customer relationships. In addition, the technical support and development teams will regularly engage with customers as a fundamental part of delivering ongoing services. Through these well-established channels, Velocity seeks to ensure the needs of its customers are fully understood so that the Group is well positioned to initiate appropriate actions in response.

Suppliers
The third-party supply base can be the key to the success of the Velocity business. As such, there are processes in place within the business to actively manage supplier relationships in the normal course of business, taking appropriate feedback and developing actions as necessary.

Employees
elocity is an equal opportunity employer regardless of race, religion, gender, age, disability, sexual orientation, gender reassignment, marriage and civil partnership and pregnancy and maternity. Employees are kept up to date with the performance of the business through periodic briefings whilst all members of staff are encouraged to participate in the annual engagement survey and the feedback acted upon.

Industry Bodies
Velocity is a member of industry bodies such as North West Aerospace Alliance ('NWAA') and the National Aerospace and Defence Contractors ('NADCAP') which are influential in how the Group is perceived by clients.

Community
The Group actively participates in the community and in apprenticeships and other schemes to provide opportunities for young people, such as T-Levels for BTEC Engineering students and Work Experience. We are firm believers in supporting the local economies in which we operate and therefore always look to employ local people, having been awarded membership to the Lancashire Skills and Employment Hub as a business dedicated to supporting local skills and development. Velocity also operates within the Enterprise Advisor Network, supporting the development of the future generation of employees to ensure we are an employer of choice for the future.

Principle 5. Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation

The Board recognises that it has overall responsibility for ensuring the Group has in place a system of internal control that allows it to manage risk accordingly. The system does not prevent the Group from considering opportunities for growth but takes a balanced approach, safeguarding the assets of the business and providing reasonable assurance regarding compliance with laws and regulations. The system of internal control is therefore designed to manage rather than eliminate the risk and is prevalent across all areas of the business.

The Audit and Risk Committee have been delegated responsibility to oversee risk management, and undertake a regular review of the Group's risk register with a view to:

- ensuring the risk register is complete, appropriate and up to date.
- ensuring adequate processes are in place to detect new or emerging risks.
- reviewing risk exposures and any changes to the status of risks in the risk register.
- reviewing risk management assessment and processes.
- reviewing risk mitigation measures and the appropriateness of responses to risks.
- reporting its findings to the Board.

Risk management, together with a robust set of systems and internal controls are well established within the business. The Audit and Risk Committee, meet on a regular basis to maintain and review the risk register.

A comprehensive business planning process is also completed on an annual basis including a long-range plan which are reviewed and approved by the Board. This ensures the resources in the Group are correctly aligned with the business strategy. In addition, the Executive and Senior Management Team conduct monthly Sales, Inventory, and Operations Planning (SIOP) meetings, a structured process that aligns the Group's sales forecasts with its inventory and production capabilities. This cross-functional planning helps Velocity balance supply with demand, ensuring it has the right amount of stock to meet customer needs without over producing or over buying, thereby optimising operations and profitability. During the year, the Group's actual and forecast results are compared against the budget and reported monthly and discussed at each meeting of the Board.

The principal risks and uncertainties, their impact and mitigating activities identified by the Board are set out in the Strategic Report of this Annual Report.

Principle 6. Establish and maintain the Board as a well-functioning, balanced team led by the chair

The Board is currently comprised of:

- Andy Beaden, the Non-Executive Chairman.
- Jon Bridges, Chief Executive Officer (CEO).

- Rob Smith, Chief Financial Officer (CFO).
- Annette Rothwell and David Bailey, the two Non-Executive Directors.

The Non-Executive Chairman and Non-Executive Directors are regarded by the Board as being independent Non-Executive Directors. They all bring wide range of industry experience but also have different specialisms relevant to the Company's operations in composite and aerospace industries. Combined with the Executive Directors this provides a good balance of different skills, strengthening the overall team.

Board members are also able to take independent professional advice at the Company's expense in the discharge of their duties.

The Chairman has overall responsibility for corporate governance and in promoting high standards throughout the Group. He leads and chairs the Board, ensuring that the committees are properly structured and reviewed on a regular basis, leads in the development of strategy and setting objectives, and oversees communication between the Group and its shareholders.

The Board meets on a regular (usually monthly) basis to deal with matters reserved for its decision. These include agreeing and monitoring strategic plans and financial targets, major decisions on resource, overseeing management of the Group and ensuring processes are in place to manage major risks, treasury matters, changes in accounting policy, corporate governance issues, litigation and reporting to shareholders.

The monthly Board meetings have a regular agenda with standing items of Health and Safety, HR and People, Chief Customer Officer report, Chief Operations Officer report, Chief Financial Officer report and the management accounts. This enables the Board to discharge its duties with all Directors receiving appropriate and timely information and with briefing papers circulated to all Directors in advance of the meetings. The Board also meets at times in between the scheduled meetings when required.

The Board has established three formal Board committees that meet independently of Board meetings and one additional Executive management committee:

Audit and Risk Committee
The Audit and Risk Committee currently has three members: Andy Beaden (Chair), David Bailey and Annette Rothwell. The CEO, CFO, Financial Controller and external auditor attend by invitation. The Audit and Risk Committee responsibilities include the review of the scope, results and effectiveness of the external audit, the review of the Interim and Annual accounts, and the review of the Group's risk management and internal control systems. The Audit and Risk Committee advises the Board on the appointment of the external auditors and monitors their performance.

	Board Meetings	Audit & Risk Committee	Remuneration Committee	Nomination Committee
Number of Meetings in Year	10	4	1	nil
Andy Beaden	10	4	1	nil
Jon Bridges	10	-	-	-
Rob Smith	10	-	-	-
Annette Rothwell	10	4	1	nil
David Bailey	10	4	1	nil

Committee	Andy Beaden	Jon Bridges	Rob Smith	Annette Rothwell	David Bailey
Audit	Chair	N/a	N/a	Member	Member
Remuneration	Member	N/a	N/a	Chair	Member
Nomination	Member	Member	N/a	Member	Chair

A dash "-" in the table indicates that a director was not a member of a particular committee.
Non-members are invited to attend committees as appropriate.

Remuneration Committee
The Remuneration Committee has three members, Annette Rothwell (Chair), Andy Beaden and David Bailey. The Committee is responsible for setting the remuneration arrangements, short-term bonus and long-term incentives for the Executive Directors and Executive Managers. In addition, the committee oversees the creation and implementation of all employee share plans.

Nomination Committee
The Nomination Committee has four members, David Bailey (Chair), Annette Rothwell, Jon Bridges and Andy Beaden. The Nomination Committee meets as required and is responsible for proposing candidates for appointment to the Board, as well as advising on the structure and composition of the Board and succession planning.

In addition to formal meetings, the Nomination Committee and Remuneration Committee also meet informally during the year to review and discuss board composition and compensation.

Executive Committee
The Executive Committee handles the implementation of the Group strategy on behalf of the Board. The Committee comprises of four members, two of which are Executive Directors. It focuses on the long-term vision and strategy for the Group. Primary responsibilities include the oversight of the development, maintenance and implementation of the strategy, management of the overall financial results for the Group, directing operational management and long-term business growth.
In additional to these Committee's there is also a Sustainability Committee headed by one of the Non-Executive Directors and draws on other relevant members of the senior management.

A summary of the attendance at board and committee meetings by the directors who served during the year is set out above.

Principle 7. Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities

The Board, led by the Chairman, is committed to a high standard of corporate governance across the Group, recognising its importance in protecting shareholders' interests and long-term success of the Group.

Remit of the Board
There is an agreed schedule of matters reserved for the Board for collective decision, including:

- determining the strategy and control of the Group;
- amendments to the structure and capital of the Group;
- approval of financial reporting and internal controls;
- approval of capital and revenue expenditure of a significant size;
- acquisitions and disposals; and
- corporate governance matters and approval of Group policies and risk management strategies.

Committees

The Board is supported by the three committees set out in Principle 6.

Detailed written terms of reference for each committee and of the governance structures and processes adopted by Velocity Composites plc are set out on the company's website (www.velocity-composites.com/investors).

At present, the Board is satisfied that its and the Committees overall size and composition reflects an appropriate balance of sector, financial and public markets skills and experience. The composition of the Board is reviewed at least annually by the Nomination Committee, with a view to ensuring it comprises the skills necessary for executing the Company's strategy.

Details of each director's skills and experience can be found in the directors' biographies section. The members of the Board bring a range of complementary skills and experience from across markets in which the Group operates.

Each member of the Board takes responsibility for maintaining their skill set, which includes formal training and seminars. The directors have also received briefings and training in respect of AIM rules compliance and Market Abuse Regulations. The Board undertakes annual training on a range of subject matters that are proposed by the directors where they feel it would be beneficial.

When necessary, external advice is sought, on legal, HR, financial and governance matters. The primary sources are the Company's Nominated Advisor and the Company's lawyers.

As part of the Director's induction process the Company Secretary arranges an induction session with each new director covering such matters as:

- Group and organisation structure,
- Velocity's values and group policies,
- an introduction to the AIM Rules for Companies,
- the QCA Code,
- Market Abuse Regulation ("MAR") and
- the terms of reference for the Board's committees.

Where specific training needs are identified, including as a result of the Board evaluation process and individual director appraisals, the Company will organise the relevant training. The Company Secretary supports the Chairman in addressing the training and development needs of directors.

Principle 8.
Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Board established an evaluation process to review its own performance during the financial year under review, and it will conduct this process at the end of each financial year to evaluate its performance in that year.

The Chairman and the Company Secretary prepared evaluation questionnaires reflecting the considerations of the corporate governance code as well as significant events over the year. Board members are asked to provide feedback for assessment by the Chairman. The combined feedback is discussed by the Board and actions agreed with progress updates during the year.

Principle 9.
Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture

Directors' remuneration is set out in the directors' remuneration report. The overarching aim of the remuneration policy is the production of long-term value creation aligned to the company's purpose, strategy and culture as set out throughout this Annual Report.

Principle 10.
Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board believes that corporate governance is more than just a set of guidelines; rather it is a framework which underpins the core values for running the business. The Board has formal responsibilities and agendas and three sub-committees; in addition, strong informal relations are maintained between Executive and Non-executive Directors.

Non-executive directors meet with other senior managers and give advice and assistance between meetings.

Shareholders
The CEO and the CFO make presentations to institutional shareholders and analysts each year following the release of interim and full year results. They also attend retail shareholder events. The slides used for such presentations are made available on the Group's website under the 'Reports and Presentations' section. They also meet regularly with the Group's Nomad/brokers and discuss any shareholder feedback, following which, the Board is briefed accordingly.

All Directors attend the Annual General Meeting and engage both formally and informally with shareholders during and after the meeting. The results of voting at the AGM are communicated to shareholders via RNS and on the Group's website.

All shareholders receive a copy of the Annual Report and Accounts either as hard copy or electronically depending on shareholder preference. Copies of historic annual reports and notices of general meetings for the last five years are available on the Velocity website, as are the half-year results and investor presentations.

Outcome: Communication with investors identified the need for improved commentary on business performance and market developments that we have endeavoured to address in our trading updates and in this Annual Report.

Employees
Engaging with our employees helps to ensure the values and culture the Board wants to promote are embraced throughout the Group. The Company encourages open two-way communication to promote innovative and collaborative working. Communication with employees takes place ordinarily through daily stand-up meetings at each of the Company's sites, the HR system, team meetings, health and safety meetings and training sessions.

Outcome: Meetings with employees identified the need for more frequent communication with senior management. All employee "breakfast meetings" reintroduced to communicate trading performance in line with our Interim and Full Year results announcements.

Customers
The longevity of our business can only be secured through maintaining and expanding our customer base. Communication with customers is a priority and is mediated through the Chief Customer Officer. Customers are solicited for feedback on products and business operations performance, market landscape and demand trends. Velocity formally engages with its customers at Quarterly Business Reviews (QBRs) which are attended by commercial, operations, technical and quality representatives from the Group.

Outcome: QBRs welcomed by customers as a good way to review performance based on hard data. Certain customers request a weekly dashboard of issues to help drive improvements.

Suppliers
Regular contact and openness is key to maintaining good and stable relations with our supply chain. The procurement department ensures that Velocity's key policies and values, or their equivalent, are adopted by the supply chain. Engagement with suppliers is overseen by the Chief Operations Officer.

Outcome: Supplier performance is communicated against defined metrics, with specific quality and service issues identified and communicated. Corrective action plans implemented where appropriate.

Section 172 Statement

In accordance with section 172 of the Companies Act 2006, the Directors, collectively and individually, confirm that during the year ended 31 October 2025, they acted in good faith and have upheld their 'duty to promote the success of the Group' to the benefit of its stakeholder groups.

The Directors acknowledge the importance of forming and retaining a constructive relationship with all stakeholder groups. Effective engagement with stakeholders enables the Board to ensure stakeholder interests are considered when making decisions which is crucial for achieving the long-term success of the Group. The main mechanisms for wider stakeholder engagement and feedback under QCA Principle 10 of this Statement on Corporate Governance.

Audit and Risk Committee Report

Dear Shareholder,

I am pleased to present the report of the Audit and Risk Committee.

The committee members are Andy Beaden, Annette Rothwell, and David Bailey. During the year the committee met four times, and all the members attended each meeting.

The terms of reference, roles and responsibilities of the Audit and Risk Committee are set out on the Company's website at www.velocity-composites.com/investors.

The Audit and Risk Committee continues to fulfil a vital role in the Group's governance framework, providing independent challenge and oversight of the accounting, financial reporting, internal control processes, risk management and the relationship with the external auditor. It is not deemed appropriate, given the size of the Company, to have its own dedicated internal audit function. This report outlines how the Committee has discharged its responsibilities during the year. It aims to provide shareholders with a clear understanding of the work we have done as a committee to provide challenge and assurance on the integrity of the FY2025 Annual Report and Accounts and the Group's regulatory reporting requirements as well as the key issues it has considered.

Meetings are generally held immediately prior to a board meeting to facilitate immediate and efficient reporting to the Board, with additional meetings where necessary. The Executive Directors and Financial Controller may attend the meeting by invitation whilst the external auditor attends when requested.

This year, a review of the cyber security environment was undertaken with the appointment of a new outsourced IT service provider. The audit tested the robustness of the cyber security systems which highlighted areas for improvement that the Executive Team have acted upon. The Committee will continue to keep a focus on cyber security to ensure continuous improvement in an environment that has seen high-profile cyber security attacks.

As Chair of the Committee, I maintain regular dialogue with the Chief Financial Officer and have direct access to Cooper Parry, the Company's external auditor. If required the Committee meets separately with the external auditor, without others being present, to facilitate open discussion and the opportunity to discuss any concerns.

Next year, in addition to the normal cycle of matters that the Committee schedules for consideration, we are planning to:

- Review the export control systems to ensure compliance and test the appropriateness of the controls; and
- Continue to monitor emerging risks in the Group.

As Chair of the Audit and Risk Committee I make myself available at the Company's AGM to answer any shareholders questions relevant to the Committee.

Andy Beaden
Chairman
26 January 2026

Activities of the Audit and Risk Committee during the year

Area of review	Activities undertaken
Financial reporting	Reviewed the Annual Report and Accounts, Interim Report and interim management statements prior to Board approval.
	Considered whether the Annual Report and Accounts was fair, balanced and understandable.
	Reviewed the external auditor's detailed report to the Committee on the annual financial statements.
	Reviewed critical accounting policies and significant accounting judgements and estimates.
	Reviewed changes in corporate governance and accounting standards and their impact.
	Reviewed the going concern basis for preparation of the financial statements including consideration of the Group's latest business plan and two-year outlook, cash flow forecast and corresponding sensitivities on downside scenarios.
External Auditors	Reviewed the external auditor's plan for the audit of the Group's financial statements, including the identification of key risks.
	Reviewed and approved the external auditor's terms of engagement, remuneration, independence and rep letter.
	Reviewed the external auditors' compliance with ethical and professional guidance on Senior Statutory Auditor rotation.
	Assessed the effectiveness of the audit process.
	Made committee-only meetings available with the Senior Statutory Auditor, this was deemed unnecessary.
Risk management & internal controls	Reviewed the Group's risk management register on numerous occasions.
	Specific focus on risks relating to loss of key contract / customer concentration / programme on-boarding process, cyber security as well as the risk relating to the strategic objective of broadening the customer base.
	Reviewed the Group's internal control system and assessed the effectiveness of those controls in minimising the impact of key risks.
	Ensured cyber security was regularly reviewed.
Governance	Reviewed the Committee's terms of reference.
	Reviewed the size and structure of the Committee for appropriateness.

Key accounting matters

The following key areas of risk and judgement have been identified and considered by the Audit and Risk Committee in relation to the business activities and financial statements of the Group and Parent Company:

Specific issue	Committee action taken
Revenue recognition – inherent risk of fraud	Confirmed that the external auditor reviewed the revenue recognition policy and conducted compliance tests.
Management override of controls	Confirmed that the external auditor reviewed risks associated with management override of controls.
Going concern	The CFO produced a detailed report and analysis based on three revenue scenarios and an additional reverse stress test over a 24-month planning horizon. The chairman reviewed the report prior to it being presented to the external auditor and Audit and Risk Committee.

Fair, balanced and understandable

The Company's management and the auditor confirmed to the Audit and Risk Committee that they were not aware of any material misstatements. Having reviewed the reports received from management and the auditor, the Committee is satisfied that the key areas of risk and judgement have been appropriately addressed in the financial statements and that the significant assumptions used in determining the value of assets and liabilities have been properly appraised and are sufficiently robust.

After careful consideration of the advice of the Audit and Risk Committee, the Board concluded that the 2025 Annual Report and Accounts is fair, balanced and understandable and provides the necessary information for the Company's shareholders to assess the Group's risks, performance, business model and strategy.

Risk management and internal controls

Risk and risk management is delegated to the Audit and Risk Committee although the overall responsibility for the Group's system of risk management and internal controls remains with the Board.

The Group has well established risk management and internal control processes that have been developed since Velocity Composites was formed in 2007. The Audit and Risk Committee confirms that the effectiveness of the system of internal control, covering all material controls including financial, operational, commercial and compliance controls and risk management systems have been reviewed during the year. Further details of risk management can be found in the Strategic Report of this Annual Report.

Auditor independence

Both the Audit and Risk Committee and Cooper Parry have procedures in place to avoid the auditors' objectivity and independence being compromised.

The Committee performs its own assessment of auditor independence satisfying itself on an annual basis that suitable policies and procedures are in place to safeguard the auditors' independence and objectivity. This includes having regard to length of service, provision of non-audit services and the existence of any conflicts of interest.

On the latter point, the Company has a policy of not employing anybody from the audit firm within five years of their departure. The auditor also has open access to the Chair of the Audit and Risk Committee and open lines of discussion with the Committee to ensure there is no influence by management.

To safeguard the auditor's independence and objectivity, and in accordance with the 2019 FRC's ethical standard for best practice, the Group does not engage Cooper Parry for any non-audit services except where it is work that they must or are clearly best suited to perform

Rotation of lead audit partner

As part of their review of auditor independence, Cooper Parry has confirmed that it is independent of the Company and has complied with applicable auditing standards. Cooper Parry is in its fourth year as auditor and therefore the Senior Statutory Auditor is operating in accordance with professional guidelines of serving no longer than five years to maintain independence.

External auditor

The Committee considers that Cooper Parry has carried out its duties as the auditor in a diligent and professional manner.

In assessing the auditor's effectiveness, the Committee:

- Challenged the work done by the auditor to test management's assumptions and estimates in the key risk areas;
- Reviewed reports received from the auditor on these and other matters;
- Received and considered feedback from management; and
- Offered to hold private meetings with the auditor to provide the opportunity for open dialogue and feedback between the Committee and the auditor without management being present. This was deemed as unneeded as there were no issues that could not be discussed in the presence of management.

Having completed its review, the Audit and Risk Committee is satisfied that Cooper Parry remained effective and independent in carrying out its responsibilities up to the date of signing this report.

Whistleblowing

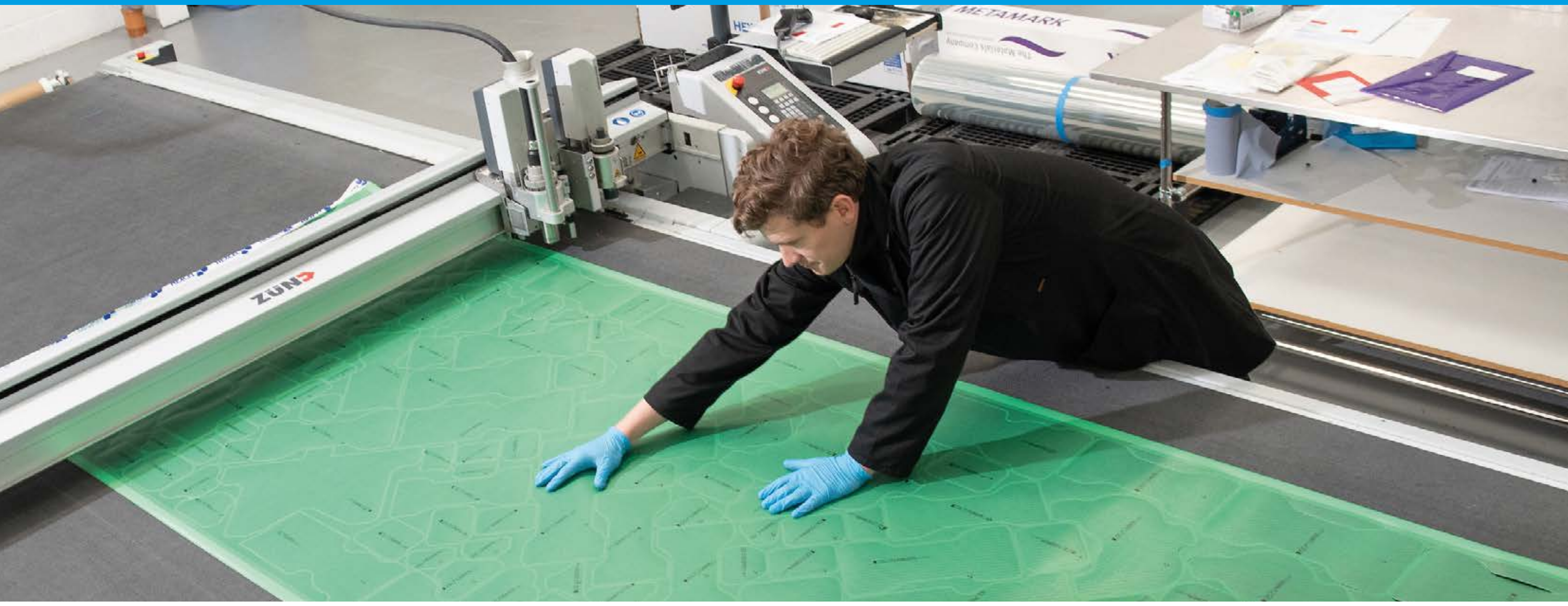
The Group has in place a Whistleblowing policy, which sets out the formal process by which an employee, or other stakeholder, may, in confidence, raise concerns about possible malpractice in financial reporting, conduct or other matters to an identifiable whistleblowing officer.

There were no incidents or concerns raised for consideration during the year.

Anti-bribery

The Group has in place an Anti-Bribery policy, which sets its zero-tolerance position. The policy provides the principles for employees and other stakeholders that acts as guidance on how to recognise and deal with issues that may be considered as giving rise to bribery.

During the period there were no incidents reported that required consideration.



Remuneration Committee Report

Dear Shareholder,

Dear Shareholder,
On behalf of the Board, I am pleased to present the Velocity Composites plc Directors' remuneration report for the year ended 31 October 2025. The report explains the work of the Remuneration Committee during the year and sets out the payments and awards made to directors.

The QCA Code recommends that it is a good principle of corporate governance to establish a remuneration policy which aligns with the Company's purpose, strategy and culture. The Company is committed to being transparent and demonstrating good governance, so the remuneration policy is presented within this Annual Report.

Role of the Remuneration Committee

The Remuneration Committee's role is to define and make recommendations to the Board on the Group's remuneration policy and the employment terms of Executive Directors and Executive Team along with the effective implementation of that policy. The Committee is also responsible for the review and approval of pay increases, performance related pay arrangements and share incentive plans along with the associated performance targets. The Committee's full terms of reference are reviewed regularly and approved by the Board.

The Remuneration Committee has three members, Annette Rothwell (Chair), Andy Beaden, and David Bailey each of whom are considered to be independent directors. The committee met three times in the year ended 31 October 2025 with all members attending every meeting.

For terms of reference go to www.velocity-composites.com/investors.

Remuneration policy

The Remuneration Committee is committed to structuring the remuneration packages of Directors and the Executive Team that are competitive and enable the Group to attract, retain and motivate talented people that can develop and execute the Group's strategy. To promote the long-term success of the Company, the Executive Directors' incentive benefits are performance based and earned only subject to the satisfaction of performance conditions. These performance conditions are aligned with the interests of the shareholders. The Board also considers the link between the individual's remuneration package and the Group's long-term performance. Incentivisation through equity ownership is encouraged to further align Directors to shareholders and the success of the Company.

In determining pay awards, consideration was given to financial sustainability, enabling the business to produce the returns it needs for further investment whilst ensuring Velocity Composites remains an attractive proposition to retain and attract the talent needed to deliver our business strategy. The Board aims to ensure that the total remuneration for the Directors is soundly based, internally consistent, market competitive and aligned with the interests of shareholders. To design a balanced package for the Directors and Executive Team, the Board considers the individual's experience and the nature and complexity of their work in order to pay a competitive salary and benefits package that attracts and retains management of the highest quality.

We undertook an external benchmarking exercise, using data from third-party experts to compare the remuneration packages we offer against similar businesses in terms of size and nature. Additionally, a review of publicly available data from similar sized AIM listed business based in the north of England was conducted to validate these results. The committee concluded that the remuneration and incentive levels were appropriate for the stage of development of the Company.

The Committee reviewed the outcomes for the FY2025 annual incentive plan with the targets not being met in the year resulting in bonuses not being paid.

The Committee also considered the performance related bonus plan for implementation in FY2026, to ensure it aligned with the interests of shareholders. As the Company executes on its growth plans it was concluded that the profit before tax (PBT) incentive scheme should remain

a key metric in which to assess performance. This resulted in the scheme being structured so that 20% is earned by achievement of a revenue target. The incentive for FY2026 will be awarded for achieving stretching targets against the FY2026 budget. The Committee is confident this will drive the right behaviour in the organisation to deliver long-term shareholder value ensuring profitability is delivered in the near-term.

To support the long-range strategic plans and further align the interests of the Executive Directors and key management with shareholders, an award of share options was made to the members of Executive Team and Senior Management Team to incentivise the right behaviour and aligns the outcomes with those of the shareholders. This award was made as part of a Long-Term Incentive Plan ("LTIP") and where possible, utilising the Company's Enterprise Management (EMI) scheme. EMI schemes are a UK government-backed employee share option scheme for small and medium-sized businesses that offers a tax-efficient way to reward and retain staff. It allows employees to receive options to buy company shares at a fixed price in the future, and if the company's value increases, they can profit when they sell the shares, potentially paying only Capital Gains Tax instead of income tax on the gain.

The main activities of the Committee in FY2025 are set out in the table. I hope you find this report gives a clear account of the Committee's approach and remuneration outcomes for the year. We are committed to maintaining an open dialogue with shareholders with regards to remuneration and would welcome any comments or concerns, relating to this report, that shareholders may have.

Annette Rothwell
Chair, Remuneration Committee
26 January 2026

Activities of the Remuneration Committee during the year

During the year, the Remuneration Committee discharged its responsibilities by:

Area of review	Activities undertaken
Executive Directors' and senior management remuneration	Set the remuneration of the Executive Directors and Executive Team as part of the annual pay review.
	Assessed and approved the FY2025 bonus outcomes
	Reviewed and approved the FY2026 performance-related bonus plan and assessed the performance criteria being set as attainment of Profit Before Tax targets.
	Determined the performance targets for the 2026 annual bonus in line with The Group's strategic plans.
Share incentive plans	Approved the grant of LTIP share options for Executives and senior management and set stretching performance conditions based on Profit Before Tax.
	Approved the grant of salary sacrifice options to qualifying directors and PDMRs.
Governance	Considered and approved the Directors remuneration report.
	Reviewed and approved the remuneration policy.
	Reviewed and approved the Committee's terms of reference.

Directors' remuneration policy

The objective of the Directors' remuneration policy is to attract, retain and incentivise a high calibre of Executive Directors, Senior Management and Non-Executive Directors who can direct the business and deliver the Group's core objective of growth in shareholder value, by building a business that is capable of delivering long-term, sustainable growth.

The Board has overall responsibility for the remuneration policy but delegates the operation of it to the Remuneration Committee ("the Committee") which is also responsible for ensuring our reward structure remains both competitive in our market and aligned with the interests of shareholders. It has spent a significant amount of time assessing the policy to ensure it aligns the interests of the Executive Directors and Senior Management with the Group's business strategy, growth ambition, culture and creation of long-term shareholder value. It is structured in compliance with Principle 9 of the QCA Code and ensures that appropriate incentives are in place to motivate and encourage enhanced performance, with rewards for contribution to the success of the Group being given in a fair and responsible manner. It supports and reinforces the desired corporate culture and aims to promote the right behaviours and decision making within the organisation.

Executive Directors and Senior Management

Pay structures for the Executive Directors and Senior Management have been implemented to be attractive to attract and retain whilst being aligned with shareholders' interests. To achieve this objective, remuneration packages are awarded with elements of fixed and variable pay with share incentives structured to help Executive Directors and Senior Management build and hold a meaningful shareholding in the company.

The table below summarises the key components of remuneration for Executive Directors and senior management:

Element	Objective and link to Strategy	Operation	Opportunity	Performance measure
Base Salary	To reflect the individual's skills and experience, providing a competitive base reward to recruit and retain people of the calibre needed to develop and deliver the Company's strategy.	Base salaries are normally reviewed on an annual basis with any changes effective from 1 January.	While there is no maximum salary, any increase will typically be in line with those awarded to the wider employee population. The Remuneration Committee retains discretion to make exceptional salary increases in circumstances that it considers appropriate, for example: i) where the individual has been promoted or gains a clear increase in responsibility. ii) aligning pay with a market competitive rate. iii) There is a material change in the size or complexity of the business.	Base salary levels and corresponding increases are based on individual experience, skills and business performance along with competitiveness against similar companies.
Benefits	To provide market competitive benefits as part of a competitive total remuneration package.	Benefits include, but are not limited to, private healthcare, car allowance and life insurance.	The Remuneration Committee retains discretion to approve additional benefits taking into account the role and individual circumstances.	None.
Pension Contribution	To provide a market competitive retirement benefit on scale basis dependent on seniority.	The Executive Directors are eligible to participate in the Group's defined contribution scheme. The Company has discretion to authorise cash payments in lieu of pension contribution.	The Group operates an employer matched pension scheme for its UK employees, including the Executive Directors, on a scale basis dependent on seniority, up to a maximum of 10% of base salary if the employee contributes 10%.	Company pension contribution increases progressively, on a matched basis as employees gain seniority in the organisation.

Element	Objective and link to Strategy	Operation	Opportunity	Performance measure
Annual Performance Related Bonus	To provide an incentive to deliver short-term stretching financial performance and growth targets.	Targets are set and reviewed by the Committee annually. Actual bonus payable is determined by the Committee after the financial year-end, based on performance against these targets. All employee bonuses are subject to malus and clawback provisions.	The bonus target is 20% of base salary in the case of both the CEO and the CFO. The annual bonus threshold performance must be exceeded before any annual bonus becomes payable	The performance measures, weighting and targets are set annually by the Committee with reference to external expectations and internal financial forecasts.
Long-Term Incentive Plans ("LTIP")	To drive and incentivise long-term value creation, support retention and promote share ownership by the Executive Directors and Senior Managers.	The exercise price of the share option is generally set at the market price on the date of the grant other than in exceptional circumstances. Vesting of the option is conditional on achievement of predefined performance conditions, which the Committee considers to be appropriately stretching, and are measured over multiple financial periods. The Committee retains discretion to adjust the choice of performance measures to ensure they continue to be linked to the delivery of the Group's strategy.	The Committee has full discretion as to the participants of the scheme and the number of options granted to each participant.	Awards vest based on the achievement of performance measures. The performance criteria are financial and based on the achievement of Profit Before Tax targets over a number of years. The Committee has discretion to adjust outcomes to ensure that payments accurately reflect underlying business performance over the period.
Salary Sacrifice Options	To promote share ownership by the Directors and PDMRs. To align management and shareholder interests.	Directors and PDMRs may choose to reduce their salary in exchange for a matching value grant of share options. The participants must commit to a salary sacrifice of 20% for one year period commencing at the beginning of the financial year. The value of option the grant is calculated at the nominal share price of 0.25p.	The Committee has full discretion as to the participants of the scheme and the number of options granted to each participant.	The participant may exercise the share option from the beginning of the following financial year and must be employed at that time.

Notes to the policy table

Performance measures and targets

It is the Board's intention to reward success. Therefore, the aim of the variable pay structure is to reward Executive Directors and Senior Management, over and above base salary, for the achievement of business objectives.

Performance targets are set to be stretching but achievable, with regard to the particular strategic priorities in a given year. The Committee retains the ability to adjust performance measures or targets if events occur (such as a change in Group strategy, a material acquisition or a change in prevailing market conditions) which cause the Committee to determine that measures are no longer appropriate and that an amendment is required so that they achieve their original purpose.

Annual bonus
The bonus criteria is selected annually to reflect the Group's main KPIs for the year and are designed to encourage continuous performance improvement for the Group.

Group financial performance targets relating to the bonus plan are set with reference to the Group's annual budget, which is reviewed and signed off by the Board prior to the start of each financial year.

LTIP share schemes
The Committee has determined that the performance metrics for the LTIP scheme are Profit Before Tax performance over four financial periods to align business performance with the interests of the shareholders. Targets are set at semi-annual intervals over the duration of the option, where a proportion of the option shares may vest for achievement of the semi-annual target.

Remuneration policy for other employees
The approach to annual salary reviews is consistent across the Group, with consideration given to individual performance, skills, experience, responsibility, Group performance, market conditions and salaries paid by similar companies. Pension participation is open to all employees on completion of their probationary period and those enrolled receive life insurance. Depending upon role and seniority, some employees may also benefit from private healthcare.

Consideration of AIM market practice
The Board aims to keep reward packages and policy in line with AIM market norms and will take soundings from time to time with external advisors to take account of changing governance requirements and tax policy in respect of scheme rules.

Consideration of shareholders' views
The Committee considers feedback received from all shareholders and seeks engagement to consult with major shareholders on key remuneration issues. The Committee engages proactively with shareholders and ensures that they are consulted in advance where there are any material changes to the remuneration policy or elements of it.

Recruitment remuneration policy
The Committee recognises the importance of attracting the best talent available to the Company to deliver the company strategy and long-term shareholder value.

The Company will, therefore, on recruitment or internal promotion to Executive Director or Senior Management apply the remuneration policy in full. This includes making use of any, or all of the components of remuneration set out in the table above. The Committee retains discretionary authority to set first year annual bonus performance targets for new recruits different to those for the other participants, in order to reflect a commencement period after business plans have been set and to also offer at commencement the immediate participation in the share option scheme.

In determining appropriate remuneration for a new Executive Director or Senior Manager, the Committee takes into consideration all relevant factors including the quantum, nature of remuneration and jurisdiction from which the candidate was recruited to ensure that the pay arrangements are in the best interests of the Group and its shareholders.

The Committee may include additional elements of pay which it considers appropriate in circumstances which may include:

- Interim appointments.
- Non-Executive Directors taking on an executive function on a short-term basis; and where the timing of the recruitment means that it would be inappropriate to provide a bonus or LTIP opportunity for the year, in which case the quantum in respect of the opportunity for the year of recruitment may be transferred to the subsequent year in order that reward is provided on a fair and appropriate basis.

However, the Committee's discretion is not unlimited. As noted above, salary, pension and benefits will be provided in line with the existing policy. The Committee may alter the performance measures and vesting periods of incentive remuneration and the deferral arrangements for the bonus or holding period for the share option to reflect the circumstances of the recruitment. The rationale for any exercise of this discretion will be explained in the following year's remuneration report.

In addition to the above elements of remuneration, the Committee may consider it appropriate to grant an award under a different structure in order to facilitate the recruitment of an individual, to replace remuneration, benefits and/or incentive arrangements forfeited on leaving a previous employer.

External appointments
It is the Board's policy to allow each Executive Director to take up one non-executive position on the board of another company, subject to the prior approval. Any fee earned in relation to outside appointments is retained by the Executive Director. No such position is held by Rob Smith.

Jon Bridges currently has a non-executive role with North West Aerospace Alliance that he has held since March 2022.

Non-Executive Directors

The policy table below summarises the key components of remuneration for the Chairman and Non-Executive Directors:

Element	Objective and link to Strategy	Operation	Opportunity	Performance measure
Fees	To attract and retain high calibre individuals who have the experience to conduct both the statutory duties of a director, as well as advise on company strategy and oversee its implementation.	Fee reviews are conducted annually at the same time as the Executive Directors on 1 January of each financial year and consider economic conditions, market levels and the time commitment and contribution of each individual as well as the affordability for the Company. Non-executive fees are proposed by the Remuneration Committee to the Board of directors for approval. Fees are payable either in cash or equity settled by participation in the Company's Salary Sacrifice Scheme as set out above. Payments are made through the company's payroll and are subject to PAYE and NI deductions. Neither the Chairman nor the non-executive Directors are permitted to participate in the Company's performance-based incentive plans.	Increases to fee levels will typically be in line with market levels of inflation. In exceptional circumstances (e.g. material misalignment with the market or a change in the complexity, responsibility or time commitment required to fulfil the role of Non-Executive Director) the Board retains the discretion to make appropriate adjustments to fee levels to ensure they remain market competitive and fair to the director.	N/A

Directors' service agreements

The Executive Directors are employed under contracts of employment with the Group.

The Non-Executive Directors, including the Chairman, are retained under Letters of Appointment.

Executive Directors' contracts and Non-Executive Directors' Letters of Appointment are available to view at the Company's Registered Office. Details of the service contracts currently in place for directors are as follows:

Name	Date of Contract	Termination notice, Director	Termination notice, Company	Renewable
Andy Beaden	July 2019	6 Months	6 Months	Initial 12 months then continues indefinitely unless terminated. Subject to re-election at the AGM.
Annette Rothwell	March 2022	6 Months	6 Months	Initial 12 months then continues indefinitely unless terminated. Subject to re-election at the AGM.
David Bailey	May 2022	6 Months	6 Months	Initial 12 months then continues indefinitely unless terminated. Subject to re-election at the AGM.
Jon Bridges	May 2017	12 Months	12 Months	Indefinite
Rob Smith	February 2024	6 Months	6 Months	Indefinite

Directors' Awards Under Long Term Incentive Plans

As at 31 October 2025, the following options have been granted, are available for exercise on achievement of vesting conditions and have not lapsed.

	Date of grant	Date option lapses	Exercise price	Number of ordinary shares of 0.25p each	Number of shares vested
Jon Bridges	15 July 2024	15 July 2034	41.5p	200,000	nil
Jon Bridges	30 January 2025	30 January 2035	31.75p	200,000	nil
Rob Smith	30 January 2025	30 January 2035	31.75p	200,000	nil

On 31 January 2025, Rob Smith was granted an option over 125,000 shares at an exercise price of 31.75p as a joining incentive. These shares vest on 30 June 2027 on condition that he is employed by the company at that date.

Directors' Awards Under Salary Sacrifice Scheme

As at 31 October 2025, the following options have been granted to directors and are available for exercise under the Salary Sacrifice Scheme.

	Date of grant	Date option lapses	Exercise price	Number of ordinary shares of 0.25p each	Number of shares vested
Andy Beaden	30 January 2025	30 January 2030	0.25p	88,276	nil
Annette Rothwell	30 January 2025	30 January 2030	0.25p	38,621	nil
David Bailey	30 January 2025	30 January 2030	0.25p	38,621	nil

The Company's share price on 31 October 2025 was 21.5p (31 October 2024: 26.0p) and traded during the year at a price between 19.6p and 34.7p (FY2024: 26.0p and 45.2p).

Directors' emoluments

Directors' emoluments for the year ended 31 October 2025 (or period of service) are summarised below:

	Cash paid salary [2] £'000	Pension £'000	Benefit in kind £'000	Year ended 31 October 2025 £'000	Year ended 30 October 2024[3] £'000
Executive					
Jon Bridges	179	18	-	197	215
Rob Smith	152	15	4	171	73
Non-Executive					
Andrew Beaden	67	2	-	69	68
Annette Rothwell	29	-	-	29	29
David Bailey	29	-	-	29	29
Total	457	35	4	496	414

The Directors' Remuneration Report is presented to the members as a resolution for their approval at the Annual General Meeting on 17 March 2026 and the result of the vote will be published on the London Stock Exchange regulatory news service. The members approved the FY2025 Directors' Remuneration with 22,852,457 votes being cast and 22,656,514 (98.25%) being in favour.

[2] Non-executive cash paid salaries above represent 80% of each individuals' basic salary for the year. The remaining 20% was serviced through equity awards, via share options valued at the start of each year or on appointment and to be equivalent of the 20% cash amounts sacrificed.

[3] Jon Bridges' FY2024 salary included a £65,000 payment in lieu of deferred salary from prior years.

Nomination Committee Report

Dear Shareholders,

I am pleased to present the Nomination Committee report for FY2025.

The committee consists of David Bailey (Chairman), Jon Bridges, Annette Rothwell, and Andy Beaden. During the year the committee did not meet formally and conducted business at board meetings. There were no new director appointments to consider. Succession planning continues to be a subject for informal review and was discussed more formally at board meetings.

The Nomination Committee supports the Board on the crucial topic of Executive and Non-Executive succession planning. Our principal objective as a Nomination Committee is to make sure the Board and the wider management team has individuals with the necessary range of skills and knowledge, and diversity of experiences to lead the Company and deliver the Group's strategy.

The Committee plays a vital role in ensuring the effectiveness of the Board and its ability to deliver long-term success for the business, including having the appropriate balance of skills, experience and knowledge on the Board to both reflect the changing needs of the business and anticipate and prepare for the future.

The Committee also initiated an annual board performance evaluation exercise. This review was commenced in October 2025 and was developed to ensure it takes a key role in ensuring the effectiveness of the Board and its ability to deliver long term success for the Company. As the Chair of the Committee, I will review the results of this exercise and share the feedback with the members of the Board both individually, to personalise the feedback, and as a collective.

During the year, we considered:

- Succession planning at board and senior executive level;
- Continuing to keep under review the Board Chairman's role as Audit and Risk Committee Chairman with a view to appoint a different person at the appropriate time;
- Continuing to keep under review the combined role of the CFO and Company Secretary with a plan to decouple the role at the appropriate time; and
- A greater emphasis on the role of diversity and inclusion and the important role it plays in high performance organisations.

In the year ahead, the Committee will work on succession plans for the Board and key management and oversee any actions coming out of the board effectiveness questionnaires that commenced in October 2025 to ensure they are effectively implemented.

David Bailey
Chairman, Nomination Committee
26 January 2026

Roles and responsibilities

The Committee's role and responsibilities are set out in full in the terms of reference, which are available on the Velocity Composites plc website and set out the Committee's responsibilities as follows:

- Ensure the balance of board members remains appropriate as the Company implements its strategy to ensure the business can compete effectively in the market place;
- Identify and nominate candidates to fill board vacancies as and when they arise;
- Before such appointments are made, evaluate the overall balance and composition of the Board and in the light of that evaluation, preparing a description of the roles and capabilities required for the appointment; and
- Ensure that each new appointee receives a formal and customised induction to the Group via the Company Secretary and other board members as appropriate.

For terms of reference go to www.velocity-composites.com/investors.

New appointments and induction of directors

When identifying suitable candidates for board and senior executive appointments, the Committee uses the services of external advisers to facilitate the recruitment search and considers candidates on merit and against objective criteria. The Committee recognises the value of a diverse board and will consider all candidates with the necessary capabilities in accordance with the Company's policies including considerations of equality and diversity.

When a new director joins the Board a full and formal induction process is undertaken including a briefing session on AIM rules with our Company's Nominated Advisor.

The Company Secretary is tasked with providing the new director with the following information to fast-track a new director's understanding of the Group to equip them to perform their role:

- Information about the Group including board and committee minutes along with board papers from at least the last six months;
- The Group's policies, procedures and governance information;
- Analysis of the Company's key shareholders and share capital;
- Guidance for directors on their legal and regulatory responsibilities in an AIM-quoted company;
- Guidance on corporate governance and board effectiveness; and
- Relevant information about the markets we operate.

As part of the induction process, the new director also:

- Attends a business briefing with the CEO and CFO;
- Has meetings with the other members of the Executive team; and
- Attends meetings with any other employees they would like to see.

Diversity and inclusion

The Committee recognises the importance of a diverse board and is mindful of the issue of board diversity in its succession plans. Company policy ensures that the selection of directors and, in a wider context, employees throughout the Group, as well as opportunities to progress and develop will be based upon a range of factors including skills, experience, qualifications, background and values. There will be no discrimination or less favourable treatment of employees or job applicants in respect of age, race, religion, gender, sexual orientation, pregnancy, disability, or marital status.

Board evaluation

The Nomination Committee recognises the merit of undertaking an annual evaluation of the Board's performance and effectiveness and took the decision to implement a process which commenced in October 2025.

The results of the evaluation have been shared with board members and any recommendations discussed and implemented if deemed to be an improvement.

Ongoing director training

The directors are encouraged to participate in ongoing training and continuing personal development During the year, the Nominated Advisor, Canaccord provided training on AIM rules and market regulation.

(L-R) Jonathan Bridges, Annette Rothwell, Andrew Beaden, Rob Smith & David Bailey

Board of Directors

Andrew (Andy) Beaden
Chairman

Andy was appointed Non-Executive Chairman of Velocity in July 2019. From 2011 to 2017, Andy served as Chief Financial Officer and main board Executive Director of Luxfer Holding plc, a developer and producer of highly engineered advanced materials, having joined its predecessor British Aluminium in 1997. As CFO, Andy listed Luxfer (LXFR) on the New York Stock Exchange in 2012. Andy is a co-founder and Chairman of IN4.0 Group Limited, a digital training Company, encouraging business growth and skills development through the use of Industry 4.0 technologies.

Andy is a Fellow Chartered Accountant, having trained with KPMG, holds a degree in economics and econometrics from Nottingham University and is a Fellow of the RSA (Royal Society for the Encouragement of the Arts, Manufactures and Commerce).

Andy is the current Chair of the Audit and Risk Committee.

Jonathan (Jon) Bridges
Chief Executive Officer

Jon co-founded Velocity Composites in October 2007. Jon has over 34 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 was re-appointed to the Board as an Executive Director in July 2019.

Jon has a BSc in Materials Science from Coventry University and is a Director of the North West Aerospace Alliance.

Annette Rothwell
Independent Non-executive Director

Annette joined Velocity in March 2022 as a Non-Executive Director and is Chair of the Remuneration Committee. Annette has extensive experience in industries undergoing transformational change. Annette is a proven executive leader in General Management, Procurement and Supply Chain, Operational Excellence (CI) and Project Management working with senior stakeholders including regional and national government.

Since 2006, Annette has served in executive roles supporting CEOs within a number of global companies including FTSE100 listed Aerospace & Defence companies. Annette has experience in and around supply chains and has been responsible for procurement and supply chain activity, operational improvement across multiple companies and multiple cultures. Since 2011, Annette has served as a director on the board of the Midlands Aerospace Alliance, the regional body for the Aerospace, Defence and Security industry.

David Bailey
Independent Non-executive Director

Joining as a Non-executive Director in June 2022, David is an experienced executive with extensive management and technical expertise developed across the aerospace and power generation industries. He 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 is a renowned aerospace supply chain specialist and has worked with the senior management teams of over 100 aerospace and defence suppliers.

Since February 2020, David has been the CEO of Composites UK, the trade association for the UK composites industry with over 360 member companies. David formed Aerospace Consulting Limited in February 2020 to specialise in developing and delivering high-level consultancy projects in the aerospace industry. Prior to establishing Aerospace Consulting, David was Chief Executive of the North West Aerospace Alliance (NWAA), the regional trade association for the aerospace and defence industry in the North West of England between 2005 and 2020. The NWAA is one of the largest aerospace clusters in the world, representing over 240 aerospace member companies (including organisations such as Airbus, BAE Systems, Brookhouse Aerospace, MBDA Missile Systems, Rolls-Royce, Safran, Senior Aerospace and Teledyne CML Composites).

David has a PhD in Gas Turbine Aerodynamics and an Aeronautical Engineering degree both from Loughborough University. David was made a Fellow of the Royal Aeronautical Society for services to the North West's Aerospace Industry in 2017.

David is the current Chair of the Nomination Committee.

Robert (Rob) Smith
Chief Financial Officer and Company Secretary

Rob is a chartered management accountant with significant experience in leadership roles at 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, a designer and manufacturer of advanced filters, antennas and transceivers. Between 2014 and 2020, Rob was Finance Director of APC Technology Group plc, a specialist distributor and manufacturer of electronic components and semiconductor products with a focus on green technology industries.

Rob was admitted as a Fellow of the Chartered Institute of Management Accountants in 2009 and has an MSc in Management Accounting from the University of the West of England.

Executive Team

James Eastbury | Chief Customer Officer

James leads multi-level engagement with all of Velocity's customers. He is responsible for the expansion of all of Velocity's revenue with existing and new customers within all territories and future markets.

James has over 15 years' experience in the aerospace sector, previously with Solvay Composite Materials, the advanced materials and speciality chemicals company, where he held a number of roles.

Most notable as Key Account Manager for Airbus.

Oliver Smalley | Chief Operations Officer

Oliver joined the Company in February 2025 bringing a wealth of experience in manufacturing, engineering, and operational leadership to the team. With nearly 15 years in the aerospace industry, spanning both composites and metallics, he has developed an in-depth understanding of complex manufacturing environments. In addition to his aerospace expertise, Oliver has led multiple manufacturing businesses, overseeing both local and global operations. His focus has always been on driving business process improvements, digital transformation, engineering excellence, new product introduction (NPI), and standardising business practices to optimise operational efficiency and enhance EBITDA.

As a process-driven and data-centric leader, Oliver is committed to enabling teams to thrive in their roles. He is known for his ability to empower individuals by identifying and nurturing their strengths, whilst maintaining a clear focus on the business's overarching goals. His leadership style emphasises collaboration and continuous improvement, ensuring both individual and organisational success.

Oliver's extensive experience and his proven track record in scaling manufacturing operations make him a perfect fit for Velocity Composites, particularly as the company continues to expand its global footprint and enhance its competitive position within the industry.

Senior Management Team

Sheldon Atherton | Head of Technology and Quality Systems

Sheldon has been a member of the Velocity team since 2008 and has played a significant role in establishing the production processes, IT systems and the Quality Management System.

Sheldon is homegrown through the Velocity leadership development programme, developing his skills, knowledge and experience through Production, Systems Integration, Quality and Supply Chain.

Lee Berry | Manufacturing Manager (Burnley)

Lee Joined in December 2023 as Manufacturing Manager and brings with him over 19 years of management experience within the composites industry delivering strong leadership, process improvement, high quality, and operational excellence.

Previous positions have provided the opportunity to hone skills in project management; staff development; training; health & safety; Quality management systems; reducing costs; adhering to procedures; customer service; problem-solving; relationship management.

Amy Heap | HR Business Partner

Amy joined Velocity in October 2022, bringing with her over 8 years' experience from varied roles in HR. Amy has previously worked in many industries including the Educational, Health and Social Care and Manufacturing sectors, responsible for leading and directing all aspects of the Human Resource function.

Amy has a CIPD Level 5 Diploma in HR Management and is a member of the CIPD association.

Daniel McNamara | Planning & Supply Chain Manager

Daniel joined Velocity in 2018 and has over a decade of experience operating within high-level composite supply chains. Daniel began his career completing a planning and supply apprenticeship at Gurit, a distinguished manufacturer and global supplier of advanced composite materials.

Leading the global Planning and Supply Chain Team, Daniel is responsible for managing sustained customer interface and demand, and the business's global supply base, with responsibilities including both indirect and direct procurement activities across all Velocity sites, ensuring operational enablement and adherence to agreed contractual requirements.

Senior Management Team

Max Page | Engineering Manager and Fareham Site Lead

Max joined Velocity in 2021 as a Customer Project Engineer at the Fareham facility. Previously experienced in aircraft fuel systems, Velocity was his first exposure to composites.

Max leads the customer projects half of Velocity's engineering function. Responsible for engineering processes needed to transfer work into Velocity such as data handling and FAI. Max is excited to be part of such a crucial time for Velocity's growth and is keen to put the engineering department at the leading edge of this growth.

Shoaib Tahir | Financial Controller

Shoaib joined Velocity in April 2023 as Commercial Finance Manager and was promoted to the role of Financial Controller in October 2025. Shoaib brings with him years of experience in finance across engineering and manufacturing industries, with a key focus on commercial development & implementation. Shoaib previously worked as the Group Financial Controller at National Floorcoverings, where he was responsible for developing and executing key business strategies for both the short and long-term while improving margin performance across the group. He is responsible for overseeing all accounting and financial operations, ensuring accuracy, regulatory compliance, and efficiency. Shoaib is helping to drive operational efficiencies and navigate the business through the growth while achieving forecasted budgets, in addition to meeting stakeholder expectations.

Shoaib is a Member of the Association of Chartered Certified Accountants (ACCA).

Matthew Fisher | Head of Technical Engineering

Matthew joined Velocity soon after its launch back in 2008 and has been involved extensively in the creation of the business. Matthew has an extensive knowledge of composites and processes, and he has helped build the engineering team as well as the R&D strategy for the business, including the Digital Manufacturing Cell and associated software. Prior to Velocity, Matthew worked for Aerovac as Production Manager, specialising in the design, costing and technical engineering of reusable vacuum bagging equipment used to manufacture a myriad of different composites structures, from F1 chassis structures to A220 Wing Stringers and Spars. Matthew has over 27 years' experience of the composites Industry and currently holds the position of Head of technical Engineering working closely with the New Business and Operations teams to install new projects and deliver continuous improvement to both new and existing programmes.

Byeong Kim | US Subsidiary Site Lead

Byeong joined Velocity in September 2022 as the first US subsidiary employee originally as an Engineer.

Byeong has been awarded the US Site Lead position through strong mentorship and dedication. He is currently working alongside the Chief Operations Officer to establish world class manufacturing processes and drive the onboarding of customer programmes.

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 October 2025.

Principal activities

The Group is a provider of engineered composite and process material kits to the aerospace industry.

Review of business and future developments

The Board has continued the development of the business, as referenced in the Financial Review on pages 14 to 15 and is satisfied with the progress adjusted EBITDA made in the past year.

Financial risk management

Details of the Board's approach to financial risk management can be found in the principal risks review on pages 16 to 20.

Capital structure

Details of the Company's share capital, together with details of the movements, are set out in note 22 to the Consolidated Financial Statements. The Company has one class of Ordinary Share which carry no right to fixed income.

Research and development

The Group continued to invest in research and development, in order to extend its geographical reach and improve the effectiveness of its technology. During the year the Group capitalised development costs of £409,000 (2024: £372,000) in-line with the Group's accounting policy.

Dividends

There were no dividends proposed or paid in the year (2024: £nil).

Political donations

No political donations were made during the year (2024: £nil).

Basis of preparation of the financial statements

The consolidated financial statements of Velocity Composites plc have been prepared in accordance with UK-adopted international accounting standards and International Financial Reporting Interpretations Committee (IFRIC). Further details are provided in note 2 to the financial statements.

Directors

The Directors who held office during the year and up to the date of this report, along with their direct interest in the shares of the Company at 31 October 2025 were as follows:

	At 31 October 2025	% Shareholding
Jon Karl Bridges [4]	5,365,929	9.82%
Andy Beaden [5]	930,010	1.70%
Annette Rothwell	78,547	0.14%
David Bailey	52,176	0.10%
Rob Smith	40,000	0.07%

[4] Includes 1,500,000 shares in the name of Mrs E Bridges

[5] Includes 50,000 shares in the name of Mrs S Beaden

The table above does not include shares held under options, via the Company's employee share option arrangements as detailed in the Directors' Remuneration Report.

The total shares held by Directors under these plans was 890,518 shares as at 31 October 2025.

Going concern

The financial statements have been prepared on a going concern basis as the directors believe that the Group has access to sufficient resources to continue in business for the foreseeable future.

The key business risks and conditions that may impact the Group's ability to continue as a going concern are the utilisation of existing resources and borrowing facilities to finance growth, investment and expenditure; rates of growth and cash generated by Group revenues; the timing of breakeven and positive cash-flow generation and ability to secure additional debt or equity financing in the future if this became necessary. The primary area of judgement that the Board considered, in the going concern assessment, related to revenue expectations.

Whilst recognising that all forecasts carry inherent uncertainty, the Board has endeavoured to establish cash forecasts and projections that are sufficiently robust to allow them to be relied on when making short and medium-term forecasting decisions. The Board's forecasting process only includes sales revenue from ongoing, contracted or new business where there is a high degree of certainty that it will be contracted in the forecast period. The Board concluded that that its base cash model provides a reliable basis upon which a going concern review can be undertaken.

The Board was mindful of the guidance surrounding a severe but plausible assessment and, accordingly, considered a number of scenarios in revenue reduction against the original plans. A reverse stress test was constructed to identify at which point the Group might run out of available cash and facilities. The test was designed specifically to understand how far revenue would need to fall short of the base case forecast and does not represent the directors' view on current or projected trading. The test was modelled over a 24-month period from the commencement of FY2026 to the end of FY2027 and was based on budgeted trading that took into account contracted orderbook, existing revenue streams from current customers and expected revenue based on management's judgement of the likelihood of converting current sales opportunities. The sales revenue in the budgeted model was reduced evenly across the Group to the point where projected month-end cash was equal to zero at any point during the test period, In the model, zero month-end cash was reached in October 2027 when projected sales revenue was reduced to 75.7% of budget. For the reverse stress test, the Board specifically excluded any upsides to this scenario. This is despite strong incremental upside potential at both existing and new customers. This most severe scenario also excludes any mitigating reduction in the cost base that the Board would undertake in this event. In all scenarios modelled the Group has sufficient resources to operate and meet its liabilities throughout the going concern review period, up to the point where reverse stress test is reached, without the inclusion of the impact of mitigating actions.

At 31 October 2025, the Group had a cash balance of £392,000, was undrawn on its invoice discounting facility and had outstanding CBILs of £497,000. As at 22 January 2026, the Group had a cash balance of £821,000, had drawn down £152,000 from its invoice discounting facility and had outstanding CBILs of £417,000.

As a result of this review, which incorporated sensitivities and risk analysis, the Directors believe that the Group has sufficient resources and working capital to meet their present and foreseeable obligations for a period of at least 12-months from the approval of these financial statements.

Indemnification of Directors

The Group provides Directors and Officers Insurance cover and is contractually committed to provide cover.

Corporate governance

The Statement of Corporate Governance on page 26 sets out the Group's approach to good corporate governance.

Substantial shareholdings

At 31 October 2025, notification had been received of the following interests which exceed a 3% interest in the issued share capital of the Company, in addition to those of the Directors referred to above:

	Number of Ordinary Shares	% of Issued Share Capital
Maven Renovar VCT PLC	5,650,294	10.34%
Seneca Partners	4,519,236	8.27%
TM Stonehage Fleming AIM Fund	4,458,956	8.16%
Christopher Banks	4,069,693	7.44%
Gerry Johnson	4,025,000	7.36%
Rathbones	2,841,000	5.20%

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the UK (UK-adopted international accounting standards) and applicable law. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that year. In preparing each of the Group and parent Company 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 accounting standards have been followed, subject to any material departures disclosed and explained in the Group and parent Company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent Company will continue in business.

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

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial statements are published on the Company's website (www.velocity-composites.com) in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- that director has 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 Group's auditor is aware of that information.

Auditor

Cooper Parry Group Limited, having expressed its willingness to continue in office, will be proposed for reappointment for the next financial year at the Annual General Meeting, in accordance with section 489 of the Companies Act 2006.

This report was approved by the Board of Directors on 26 January 2026 and signed on its behalf by:

Rob Smith
Company Secretary
26 January 2026

Independent Auditor's Report

to the Members of Velocity Composites plc

Independent Auditor's Report to the Members of Velocity Composites plc

Opinion

We have audited the financial statements of Velocity Composites plc (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 October 2025 which comprise the Consolidated Statement of Total Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statement of Cash Flows and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group and parent financial statements is applicable law and UK adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 October 2025 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, 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.

Our approach to the audit

We adopted a risk-based audit approach. We gained a detailed understanding of the Group's business, the environment it operates in and the risks it faces.

The key elements of our audit approach were as follows:

In order to assess the risks identified, the engagement team performed an evaluation of identified components and to determine the planned audit responses based on a measure of materiality, calculated by considering the significance of components as a percentage of the group's total revenue and loss before taxation and group's total assets.

From this, we determined the significance of each component to the group as a whole and devised our planned audit response. In order to address the audit risks described in the Key audit matters section which were identified during our planning process, we performed a full-scope audit of the financial statements of the parent company, Velocity Composites plc and Velocity Composites Aerospace Inc. The operations that were subject to full-scope audit procedures made up 100% of consolidated revenues and 100% of consolidated loss before tax.

Analytical procedures were undertaken on the remaining component, using group materiality.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk of fraud in revenue recognition

Matter
Under International Standard on Auditing (UK) 240 there is a presumed risk that revenue is misstated due to fraud. The Group recognises revenue to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. There is relatively little judgement involved in determining the timing and value of the amount to be recognised. We therefore assess the significant risk to be specifically with respect to manual journals posted to revenue.

Response
Our procedures in response to the risk included:

- We assessed accounting policies for consistency and appropriateness with the applicable financial reporting framework and in particular that revenue was recognised when performance obligations were fulfilled. In addition, we reviewed for the consistency of application of the accounting policies.
- We obtained an understanding of the processes through which the business initiates, records, processes and reports revenue transactions.
- We performed walkthroughs of the processes as set out by management, to ensure controls appropriate to the size and nature of operations were designed and implemented correctly throughout the transaction cycle.
- We obtained a complete listing of journals posted to revenue nominal codes and reviewed the listing for any unexpected entries. These were then tested to supporting evidence.
- We performed cut-off procedures to test transactions around the year end and verified a sample of revenue to originating documentation to provide evidence that transactions were recorded in the correct year.
- We performed transactional revenue testing to confirm the completeness of revenue and to confirm revenue has been recognised in accordance with the accounting policies and performance obligations have been met.
- We reviewed a listing of post year end credit notes to verify that revenue has been recorded in the correct accounting year.

Our procedures did not identify any material misstatements in the revenue recognised during the year.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in determining the nature, timing and extent of our audit procedures, in evaluating the effect of any identified misstatements, and in forming our audit opinion.

The materiality for the group financial statements as a whole was set at £310,000. This has been determined with reference to the benchmark of the group's revenue which we consider to be an appropriate measure for a group of companies such as these. Materiality represents 1.5% of group revenue. Performance materiality has been set at 80% of group materiality.

The materiality for the parent company financial statements as a whole was set at £211,000. This has been determined with reference to the benchmark of the parent company's revenue which we consider to be an appropriate measure for a parent company such as this. Materiality has been capped to 90% of group materiality.

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.

Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- Reviewing management's cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements;
- Challenging management on key assumptions included in their forecast scenarios;
- Considering the potential impact of various scenarios on the forecasts;
- Reviewing results post year end to the date of approval of these financial statements and assessing them against original budgets;
- Reviewing management's forecasting accuracy through reviewing the prior year budgets compared to actuals; and
- Reviewing management's disclosures in the financial statements.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 58, 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 group's and the parent 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 group or the parent 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.

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:

Our assessment focused on key laws and regulations the company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, UK adopted international accounting standards and relevant tax legislation.

We are not responsible for preventing irregularities and cannot be expected to detect non-compliance with all laws and regulations. Our approach to detecting irregularities included, but was not limited to, the following:

- Obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework;

- Obtaining an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions;
- Obtaining an understanding of the entity's risk assessment process, including the risk of fraud;
- Designing our audit procedures to respond to our risk assessment; and
- Performing audit testing over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias specifically in relation to inventory provisions.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Melanie Hopwell (Senior Statutory Auditor)
For and on behalf of Cooper Parry Group Limited
Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Caste Donington
Derby
DE74 2SA

Consolidated Statement of Income

	Note	Year ended 31 October 2025 £'000	Year ended 31 October 2024 £'000
Revenue	4	20,701	23,006
Cost of sales		(14,595)	(17,045)
Gross profit		6,106	5,961
Administrative expenses		(6,972)	(6,978)
Other Operating Income		148	86
Operating loss	5	(718)	(931)
Operating loss analysed as:			
Adjusted EBITDA profit/(loss)	31	990	374
Depreciation of property, plant and equipment		(380)	(382)
Amortisation		(310)	(240)
Depreciation of right-of-use assets under IFRS 16		(632)	(540)
Share-based payments		(386)	(143)
Finance income and expense	8	(340)	(413)
Loss before tax from continuing operations		(1,058)	(1,344)
Corporation tax (payable) / recoverable	9	(26)	499
Loss for the year loss		(1,084)	(845)
Loss per share – basic from continuing operations	10	(2.00p)	(1.58p)
Loss per share – diluted from continuing operations	10	(2.00p)	(1.58p)

Consolidated Statement of Other Comprehensive Income

	Year ended 31 October 2025 £'000	Year ended 31 October 2024 £'000
Loss for the year	(1,084)	(845)
Other comprehensive income		
Items that are or may be subsequently reclassified to profit and loss:		
Currency translation movement arising on consolidation	(51)	-
Total comprehensive loss for the year	(1,135)	(845)

The notes on pages 69 - 96 form part of these financial statements.

Consolidated and Company Statement of Financial Position

	Note	Group 31 October 2025 £'000	Group 31 October 2024 £'000	Company 31 October 2025 £'000	Company 31 October 2024 £'000
Non-current assets					
Intangible assets	11	1,072	987	610	340
Property, plant and equipment	12	1,764	1,854	418	551
Right-of-use assets	19	1,952	1,826	824	1,123
Total non-current assets		4,788	4,667	1,852	2,014
Current assets					
Inventories	14	2,099	2,500	1,491	1,769
Trade and other receivables	15	3,025	3,977	6,134	6,613
Cash and cash equivalents	16	392	1,663	194	1,115
Total current assets		5,516	8,140	7,819	9,497
Total assets		10,304	12,807	9,671	11,511
Current liabilities					
Loans	18	402	503	402	503
Trade and other payables	17	2,515	3,933	1,499	1,877
Obligations under lease liabilities	19	703	561	375	36
Provisions	25	79	-	79	-
Total current liabilities		3,699	4,997	2,355	2,747
Non-current liabilities					
Loans	18	95	468	95	468
Obligations under lease liabilities	19	1,192	1,258	496	829
Provisions	25	177	218	177	218
Total non-current liabilities		1,464	1,944	768	1,515
Total liabilities		5,163	6,941	3,123	4,262
Net assets		5,141	5,866	6,548	7,249
Equity attributable to equity holders of the company					
Share capital	22	137	134	137	134
Share premium account	23	4,891	4,870	4,891	4,870
Share-based payments reserve	24	573	517	573	517
Translation reserve		(51)	-	-	-
Retained earnings		(409)	345	947	1,728
Total equity		5,141	5,866	6,548	7,249

The notes on pages 69 - 96 form part of these financial statements. The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and not presented its own statement of profit and loss in these financial statements. The loss for the year was £1,111,000. The financial statements were approved and authorised for issue by the Board of Directors on 26 January 2026 and were signed on its behalf by:

Rob Smith
Director
Co No: 06389233

Consolidated statement of changes in equity

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Translation reserve £'000	Share-based payments reserve £'000	Total equity £'000
Balance at 1 November 2023	133	4,870	1,087	-	478	6,568
Loss for the year	-	-	(845)	-	-	(845)
	133	**4,870**	**242**	**-**	**478**	**5,723**
Transactions with owner:						
Share-based payments (note 24)	-	-	-	-	143	143
Transfer of share option reserve on vesting of options and issue of equity	1	-	103	-	(104)	-
Balance at 31 October 2024	134	4,870	345	-	517	5,866
Balance at 1 November 2024	134	4,870	345	-	517	5,866
Loss for the year	-	-	(1,084)	(51)	-	(1,135)
	134	4,870	(739)	(51)	517	4,731
Transactions with owners:						
Share-based payments (note 24)	-	-	-	-	386	386
Transfer of share option reserve on vesting of options and issue of equity	3	21	330	-	(330)	24
Balance at 31 October 2025	137	4,891	(409)	(51)	573	5,141

Company statement of changes in equity

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Share-based payments reserve £'000	Total equity £'000
Balance at 1 November 2023	**133**	**4,870**	**2,609**	**478**	**8,090**
Loss for the year	-	-	(984)	-	(984)
	133	4,870	1,625	478	7,106
Transactions with owners:					
Share-based payments (note 24)	-	-	-	143	143
Transfer of share option reserve on vesting of options and issue of equity	1	-	103	(104)	-
Balance at 31 October 2024	134	4,870	1,728	517	7,249
Balance at 1 November 2024	134	4,870	1,728	517	7,249
Loss for the year	-	-	(1,111)	-	(1,111)
	134	4,870	617	517	6,138
Transactions with shareholders:					
Share-based payments (note 24)	-	-	-	386	386
Transfer of share option reserve on vesting of options and issue of equity	3	21	330	(330)	24
As at 31 October 2025	137	4,891	947	573	6,548

The notes on pages 69 - 96 form part of these financial statements.

Consolidated and Company Statement of Cash Flows

	Group Year ended 31 October 2025 £'000	Group Year ended 31 October 2024 £'000	Company Year ended 31 October 2025 £'000	Company Year ended 31 October 2024 £'000
Operating activities				
Loss for the year	(1,084)	(845)	(1,111)	(984)
Taxation	(137)	(528)	(137)	(528)
Finance costs	340	413	173	222
Amortisation of intangible assets	310	240	139	69
Depreciation of property, plant and equipment	380	382	165	192
Depreciation of right-of-use assets	632	540	385	397
Share-based payments	386	143	386	143
Operating cash flows before movements in working capital	827	345	-	(489)
Decrease/(Increase) in trade and other receivables	933	(180)	459	(570)
Decrease/(Increase) in inventories	401	243	278	(276)
(Decrease) in trade and other payables	(1,339)	(654)	(324)	(44)
Increase in provisions	38	218	38	218
Cash inflow/(outflow) from operations	860	(28)	451	(1,161)
Tax received	130	398	130	398
Net cash inflow/(outflow) from operating activities	990	370	581	(763)
Investing activities				
Purchase of property, plant and equipment net of intercompany transfers	(334)	(212)	(49)	(11)
Purchase of development expenditure	(409)	(372)	(409)	(177)
Proceeds from the sale of property, plant and equipment	14	-	14	-
Net cash used in investing activities	(729)	(584)	(444)	(188)
Financing activities				
Finance costs paid	(340)	(413)	(173)	(218)
Loan repayment	(474)	(502)	(474)	(502)
Repayment of lease liabilities capital	(684)	(497)	(411)	(345)
Net cash used in in financing activities	(1,498)	(1,412)	(1,058)	(1,065)
Net (Decrease) in cash and cash equivalents	(1,237)	(1,626)	(921)	(2,016)
Cash and cash equivalents at 01 November	1,663	3,178	1,115	3,131
Effect of foreign exchange rate changes	(34)	111	-	-
Cash and cash equivalents at 31 October	392	1,663	194	1,115

The notes on pages 69 - 96 form part of these financial statements.

Notes to the Financial Statements

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.

In order to prepare for future expansion in the Asia region, the Company established a wholly owned subsidiary company, Velocity Composites Sendirian Berhad, which is domiciled in Malaysia. The subsidiary company commenced trading on 18 April 2018. The Company also established a wholly owned subsidiary company, Velocity Composites Aerospace Inc. to prepare for future expansion in the United States of America. These subsidiaries, together with Velocity Composites plc, now form 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.

2. Accounting policies

Basis of preparation

The consolidated financial statements of Velocity Composites plc have been prepared in accordance with UK-adopted international accounting standards and International Financial Reporting Interpretations Committee (IFRIC) interpretations.

These financial statements have been prepared on a going concern basis and using the historical cost convention, as modified by the revaluation of certain items, as stated in the accounting policies. These policies have been consistently applied to all years presented, unless otherwise stated. The financial statements are presented in sterling and have been rounded to the nearest thousand (£'000). References to "FY2025" refer to the year ended 31 October 2025, whilst references to "FY2024" are in respect of the year ended 31 October 2024.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and not presented its own statement of profit and loss in these financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its' subsidiary undertakings and are made up to 31 October 2025. Subsidiaries are consolidated from the date of acquisition, using the purchase method.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. The Group's subsidiaries have prepared their statutory financial statements in accordance with IFRS standards.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in the consolidated financial statements.

There are no new accounting standards or interpretations that are not yet fully effective that could be expected to have a material impact on the Group.

Going concern

The financial statements have been prepared on a going concern basis as the directors believe that the Group has access to sufficient resources to continue in business for the foreseeable future.

The key business risks and conditions that may impact the Group's ability to continue as a going concern are the utilisation of existing resources and borrowing facilities to finance growth, investment and expenditure; rates of growth and cash generated by Group revenues; the timing of breakeven and positive cash-flow generation and ability to secure additional debt or equity financing in the future if this became necessary. The primary area of judgement that the Board considered, in the going concern assessment, related to revenue expectations.

Whilst recognising that all forecasts carry inherent uncertainty, the Board has endeavoured to establish cash forecasts and projections that are sufficiently robust to allow them to be relied on when making short and medium-term forecasting decisions. The Board's forecasting process only includes sales revenue from ongoing, contracted, or new business where there is a high degree of certainty that it will be contracted in the forecast period. The Board concluded that its base cash model provides a reliable basis upon which a going concern review can be undertaken.

The Board was mindful of the guidance surrounding a severe but plausible assessment and, accordingly, considered a number of scenarios in revenue reduction against the original plans. A reverse stress test was constructed to identify at which point the Group might run out of available cash and facilities. The test was designed specifically to understand how far revenue would need to fall short of the base case forecast and does not represent the directors' view on current or projected trading. The test was modelled over a 24-month period from the commencement of FY2026 to the end of FY2027 and was based on budgeted trading that took into account contracted orderbook, existing revenue streams from current customers and expected revenue based on management's judgement of the likelihood of converting current sales opportunities. The sales revenue in the budgeted model was reduced evenly across the Group to the point where projected month-end cash was equal to zero at any point during the test period, In the model, zero month-end cash was reached in October 2027 when projected sales revenue was reduced to 75.7% of budget. For the reverse stress test, the Board specifically excluded any upsides to this scenario. This is despite strong incremental upside potential at both existing and new customers. This most severe scenario also excludes any mitigating reduction in the cost base that the Board would undertake in this event. In all scenarios modelled the Group has sufficient resources to operate and meet its liabilities throughout the going concern review period, up to the point where reverse stress test is reached, without the inclusion of the impact of mitigating actions.

At 31 October 2025, the Group had a cash balance of £392,000, was undrawn on its invoice discounting facility and had outstanding CBILs of £497,000. As at 22 January 2026, the Group had a cash balance of £821,000, had drawn down £152,000 from its invoice discounting facility and had outstanding CBILs of £417,000.

As a result of this review, which incorporated sensitivities and risk analysis, the Directors believe that the Group has sufficient resources and working capital to meet their present and foreseeable obligations for a period of at least 12-months from the approval of these financial statements.

Revenue recognition

Revenue is recognised as performance obligations are satisfied as control of the goods and services are transferred to the customer. Contracts are satisfied over a period of time, with the dispatch of goods at a point in time. Revenue is therefore recognised when control is transferred to the customer, which is usually when legal title passes to the customer and the business has the right to payment, for example, on delivery.

The Group generates revenue from the sale of structural and consumable materials for use within the aerospace industry. This is the sole revenue stream of the Group.

At contract inception (which is upon receipt of a purchase order from a customer), an assessment is completed to identify the performance obligations in each contract. Performance obligations in a contract are the goods that are distinct.

At contract inception, the transaction price is determined, being the amount that the Group expects to receive for transferring the promised goods – this is a fixed price with no variable consideration. The transaction price is allocated to the performance obligations in the contract based on their relative standalone selling prices – this reflects the agreed price as per purchase order for each product. The Group has determined that the contractually stated price represents the standalone selling price for each performance obligation.

Revenue from sale of goods and services is recognised when a performance obligation has been satisfied by transferring the promised product to the customer at a point in time, usually when legal title passes to the customer and the business has the right to payment, for example, on delivery. Standard payment terms are in place for each customer.

Inventory
Inventory is stated at the lower of costs incurred in bringing each product to its present location and condition compared to net realisable value as follows:

- Raw materials, consumables and goods for resale – purchase cost on a first-in/first-out basis.
- Work in progress and finished goods – costs of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on an estimated selling price less any further costs expected to be incurred for completion and disposal.

Expenditure
Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Goods or services supplied in a foreign currency are recognised at the exchange rate ruling at the time of accounting for this expenditure.

Provisions
A provision is made when an obligation exists for a future liability relating to a past event and where the amount of the obligation can be reliably estimated.

Retirement benefits: defined contribution schemes
Contributions to defined contribution pension schemes are charged to the statement of comprehensive income in the year to which they relate.

Short-term employee benefits
A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the year the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Research and development expenditure
Research expenditure - expenditure on research activities is recognised as an expense in the year in which it is incurred.

Development expenditure - An internally generated intangible asset arising from the Group's own development activity is recognised only if all of the following conditions are met:

- an asset is created that can be identified and is technically and commercially feasible;
- it is probable that the asset created will generate future economic benefits and the Group has available sufficient resources to complete the development and to subsequently sell and/or use the asset created; and
- the development cost of the asset can be measured reliably.

The amount recognised for development expenditure is the sum of all incurred expenditure from the date when the intangible asset first meets the recognition criteria listed above. This occurs when future sales are expected to flow from the work performed. Incurred expenditure largely relates to internal staff costs incurred by the Group.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and impairment.

Amortisation
Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in the statement of total comprehensive income. The estimated useful lives are based on the average life of a project as follows:

Development costs	5 years

Property, plant and equipment
Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over the expected useful economic lives. It is provided at the following methods and rates:

Land and buildings (right-of-use)	Over the term of the lease
Plant and machinery	15% straight line
Motor vehicles	25% straight line
Fixtures and fittings	15% straight line
Leasehold improvements	Over the term of the lease unless there is reasonable certainty the lease will be renewed, in which case,10% straight line

Foreign currency translation
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('its functional currency'). The consolidated financial statements are presented in sterling, which is Velocity Composites plc's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates the transactions occur. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the consolidated comprehensive statement of income.

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency, on consolidation, as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised immediately in the Consolidated comprehensive statement of income.

Impairment of non-financial assets

The carrying values of non-financial assets are reviewed for impairment when there is an indication that assets might be impaired, and at the end of each reporting year. When the carrying value of an asset exceeds its recoverable amount, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash generating unit (i.e. the smallest grouping of assets in which the asset belongs for which there are separately identifiable cash flows).

Impairment charges are included in the income statement, except to the extent where they reverse previous gains recognised in the statement of comprehensive income.

Financial instruments

All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors encapsulating the normal day to day trading of the Group. The Group does not use derivative financial instruments such as forward currency contracts, or similar instruments. The Group does not issue or use financial instruments of a speculative nature.

Bank borrowings

Interest-bearing loans are recorded initially at their fair value, net of direct transaction costs. Such instruments are subsequently carried at their amortised cost and finance charges are recognised in the statement of comprehensive income over the term of the instrument using an effective rate of interest. Finance charges are accounted for on an accrual's basis to the statement of comprehensive income.

The Group has current borrowings of CBIL loans and can utilise its invoice discounting facility in support of its working capital requirements.

Financial assets

The Group classifies its financial assets into the categories discussed below and based upon the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity.

Trade and other receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the sale of goods to customers (e.g. trade receivables) but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transactions costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest method, less provision for impairment.

The Group's loans and receivables comprise trade and other receivables included within the statement of financial position.

Cash and cash equivalents
Cash and cash equivalents include cash held at bank, bank overdrafts and marketable securities of very short-term maturity (typically three months or less) which are not expected to deteriorate significantly in value until maturity. Bank overdrafts are shown within loans and borrowings in current liabilities in the statement of financial position.

Impairment of financial assets
Impairment provisions are recognised through the expected credit losses model (ECL). IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Trade and other payables
The Group classifies its financial liabilities as comprising trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Share capital
Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

Share premium
Share premium represents the excess of the issue price over the par value on shares issued less costs relating to the capital transaction arising on the issue.

Share-based payment
The Group operates an equity-settled share-based compensation plan in which the Group receives services from Directors and certain employees as consideration for share options. The fair value of the services is recognised as an expense over the vesting period, determined by reference to the fair value of the options granted.

Leased assets
Leases
The Group makes the use of leasing arrangements principally for the buildings and motor vehicles. The rental contracts for buildings are typically negotiated for terms of 5 and 10 years and some of these have extension terms. The Group does not enter into sale and leaseback arrangements. All the leases are negotiated on an individual basis and contain a wide variety of different terms and conditions.

The Group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Measurement and recognition
At lease commencement date, the Group recognises a right-of-use asset and a lease liability in its consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, and any lease payments made in advance of the lease commencement date.

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease.

The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the Group.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review. The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates.

The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. These leases relate to property security. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

See the accounting policy on Property plant and equipment for the depreciation methods and useful lives for assets held under lease.

Current taxation
The tax currently payable is based on the taxable profit of the year. Taxable profit differs from profit as reported in the Consolidated statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using rates that have been enacted or substantively enacted by the statement of financial position date.

Merged scheme research and development expenditure credit (RDEC)
RDECs are recognised at the point when claims have been quantified relating to expenditure within current or previous years and recovery of the asset is virtually certain, these tax credits relating to R&D are recognised as other operating income.

Deferred taxation
Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on the initial recognition of goodwill.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either the same taxable Company; or different Company entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

Operating segments
Operating segments are reported in a manner consistent with the internal reporting provided to the executive directors. The Chief Operating Decision Makers have been identified as the Chief Executive Officer and the Chief Financial Officer. The Group supplies a single type of product into a single industry and so has a single operating segment. Additional information is given regarding the revenue receivable based on geographical location of the customer.

No differences exist between the basis of preparation of the performance measures used by management and the figures in the Group financial information.

Critical accounting estimates and judgements
The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provisions for inventory
Provisions are made for obsolete, out of life and slow-moving stock items. In estimating the provisions, the Group makes use of key management experience, precedents and specific contract and customer issues to assess the likelihood and quantity. Stock is accounted for on a first in, first out basis.

The provision percentage is applied to various aging categories dependent on stock type, this is a key estimate made by management based on judgement and if change is applied to the percentage for the aged stock, then the outcome of the value of the provision would differ.

Sensitivity analysis
A 5% increase in the levels of the current stock provision would lead to a finance impact and increase in stock provision of £16,000.

Provisions for building dilapidations
As part of the Group's property leasing arrangements there is an obligation to return properties to their original condition at the end of the lease. The cost is charged to profit and loss as the obligation arises. The provision is expected to be utilised between 2026 and 2029 as the leases terminate.

The provision has been calculated using one years' worth of rental over estimated lease termination dates prorated to the term the lease has been occupied.

Sensitivity analysis
A 5% increase in the levels of the current dilapidations provision would lead to a finance impact and increase in stock provision of £13,000.

3. Financial instruments and risk management

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The Group reports in Sterling. All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors. The Group does not use derivative financial instruments such as forward currency contracts, or similar instruments. The Group does not currently issue or use financial instruments of a speculative nature but as described in the strategic report, management may consider the potential utilisation of such instruments in the future. The Group utilises an invoice discounting facility with its bankers to assist in its cash flow management. In accordance with the terms of the current facility (which is available on demand) the risk and management of trade debtors is retained by the Group.

Financial instruments	**Group 31 October 2025 £'000**	**Group 31 October 2024 £'000**	**Company 31 October 2025 £'000**	**Company 31 October 2024 £'000**
Current assets				
Trade and other receivables	2,480	3,447	2,445	2,889
Trade and other receivables – prepayments	434	400	360	318
Amounts due from subsidiary undertakings	-	-	3,218	3,276
	2,914	3,847	6,023	6,483
Cash and cash equivalents – loans and receivables	392	1,663	194	1,115
Total loans and receivables	3,306	5,510	6,217	7,598
Current liabilities				
Trade and other payables	2,162	3,567	1,182	1,680
Trade and other payables – accruals	432	366	397	197
	2,594	3,933	1,579	1,877
Loans	402	503	402	503
Obligations under lease liabilities	703	561	375	367
Total current liabilities	3,699	4,997	2,356	2,747

For non-current liabilities please see notes 17, 18 & 25.

Risk management
The Group's activities expose it to a variety of financial risks: market risk (primarily foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Board, and their policies are outlined below.

a) Market risk

Foreign exchange risk
The Group is exposed to transaction foreign exchange risk in its operations both within the UK and overseas. Transactions are denominated in Sterling, US Dollars, and Euros. The Group has commercial agreements in place which allow it to transact with its customers in the currency of the material purchase, thereby allowing a large element of the transactional currency risk to pass through the Group.

The Group is also exposed to translation foreign exchange risk on consolidation of US operations, which are translated into Sterling from US dollars. This can impact the consolidated income statement and also create a movement in reserves from movements in the US balance sheet items.

The carrying value of the Group's foreign currency denominated assets and liabilities comprise the trade receivables in note 15, cash in note 16 and trade payables in note 17.

The Group's financial assets are held in both Sterling and US dollars, the assets are converted to the presentational currency Sterling assets held in US dollars are in relation to the US subsidiary, movements in the exchange rate of the US Dollar or Euro against Sterling do have an impact on both the result for the year and equity. The Group's assets and liabilities that are held in US Dollar or Euro are held in those currencies for normal trading activity in order to recover funds from customers or to pay funds to suppliers.

The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount of monetary financial instruments.

As at 31 October 2025	US Dollar £'000	Euro £'000	Total £'000
Trade debtors	2,120	117	2,237
Cash and cash equivalents	276	101	377
Trade payables	(1,350)	(44)	(1,394)
Balance sheet exposure	1,046	174	1,220

As at 31 October 2024	US Dollar £'000	Euro £'000	Total £'000
Trade debtors	2,763	235	2,998
Cash and cash equivalents	1,097	256	1,353
Trade payables	(2,759)	(20)	(2,779)
Balance sheet exposure	1,101	471	1,572

Sensitivity analysis
A 5% strengthening of the following currencies against the pound sterling at the balance sheet date would have reduced the loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had to be applied to risk exposures existing at that date.

	31 October 2025 £'000	31 October 2024 £'000
US dollar	(52)	(57)
Euro	(9)	(24)

This analysis assumes that all other variables, in particular other exchange rates and interest rates remain constant. A 5% weakening of the above currencies against pound sterling in any year would have had the equal but opposite effect to the amounts shown above. Included in the US dollar value is £20,000 relating to the US Subsidiary (2024: £39,000).

Interest rate risk
The Group carries borrowings from leases and CBILs. Lease borrowings are at a fixed rate of interest whilst the interest on the CBILs is a combination of fixed rate and Bank of England base rate plus 3.96%. The Directors do not consider there to be a significant interest rate risk on the element of loans linked to movements in the Bank of England base rate. The Group also has access to an invoicing discounting facility that carries a fixed monthly charge plus interest at a fixed rate of 4.75%.

b) Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise this risk, the Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount.

Supply of products by the Group results in trade receivables which the management consider to be of low risk, other receivables are likewise considered to be low risk. However, four of the customers comprise in excess of 10% of the revenue earned by the Group (see note 4). Credit risk on cash and cash equivalents is considered to be small as the counterparties are all substantial banks with high credit ratings. The maximum exposure is the amount of the deposit.

c) Liquidity risk
The Group currently holds cash balances in Sterling, US Dollars, and Euros to provide funding for normal trading activity. Trade and other payables are monitored as part of normal management routine. The Group also has access to banking facilities including invoice finance which it utilises when needed in order to manage its liquidity risk.

As at 31 October 2025

	Within 1 year £'000	One to two years £'000	Two to five years £'000	Over five years £'000
Loan	402	95	-	-
Obligations under lease liabilities	703	687	505	
Provisions	79	134	43	-
Trade payables	1,704	-	-	-
Accruals	353	-	-	-
Other payables	29	-	-	-

As at 31 October 2024

	Within 1 year £'000	One to two years £'000	Two to five years £'000	Over five years £'000
Loan	503	468	-	-
Obligations under lease liabilities	561	575	683	-
Provisions	-	-	218	-
Trade payables	3,251	-	-	-
Accruals	584	-	-	-

d) Capital risk management

For the purpose of the Group's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders of the Group. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other members. The Group will also seek to minimise the cost of capital and attempt to optimise the capital structure.

4. Segmental analysis

The Group supplies a single type of product into a single industry and so has a single reportable segment. Additional information is given regarding the revenue receivable based on geographical location of the customer. An analysis of revenue by geographical market is given below:

	Year ended 31 October 2025 £'000	Year ended 31 October 2024 £'000
Revenue		
United Kingdom	14,037	15,058
Europe	20	6
US Subsidiary	6,612	7,915
Rest of the World	32	27
	20,701	23,006

During the year four customers accounted for 90.0% (2024: 92.8%) of the Group's total revenue for the year ended 31 October 2025. This was split as follows; Customer A – 26.4% (2024: 25.5%), Customer B – 27.2% (2024: 26.8%), Customer C – 4.9% (2024: 6.1%) and the fourth customer, a customer of Velocity Composite Aerospace Inc 31.9% (2024: 34.4%).

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.

During the current and previous year, the Group operated in Asia. No revenue was generated in Asia during the year ended 31 October 2025 and year ended 31 October 2024 as the site operates as an Engineering Support Office for the Group. The US subsidiary started to trade in April 2023, revenue of £16,494k (2024: £9,882k) has been generated since the US subsidiary was incorporated.

5. Operating loss

The operating loss is stated after charging:

	Year ended 31 October 2025 £'000	Year ended 31 October 2024 £'000
Staff costs (see note 6)	4,840	4,664
Cost of inventories	12,598	14,966
Foreign exchange loss	23	165
Amortisation of development costs	310	240
Depreciation:		
Owned assets	380	382
Property, plant and equipment under right-of-use assets	632	540
Profit on disposal of assets	4	-
Auditor's remuneration:		
Audit of the accounts of the Group	88	85
Other audit related services (relating to interim review)	-	16

6. Staff costs

	Year ended 31 October 2025 £'000	Year ended 31 October 2024 £'000
Wages, salaries and bonuses	3,919	4,019
Social security costs	454	406
Defined contribution pension costs	191	96
Share-based payments	386	143
	4,950	4,664

The average monthly number of employees including directors, during the year was as follows:

	Year ended 31 October 2025 Head count	Year ended 31 October 2024 Head count
Manufacturing	53	53
Administration	48	49
	101	102

7. Directors' costs

	Year ended 31 October 2025 £'000	Year ended 31 October 2024 £'000
Directors' remuneration included in staff costs:		
Wages, salaries and bonuses	461	387
Defined contribution pension costs	35	27
	496	414
Remuneration of the highest paid director(s):		
Wages, salaries and bonuses or fees	179	196
Defined contribution pension costs	18	19
	197	215

8. Finance income and expenses

	Year ended 31 October 2025 £'000	Year ended 31 October 2024 £'000
Finance expense		
Finance charge from lease liabilities	103	108
Other interest and invoice discounting charges	237	305
	340	413

9. Income tax

Company	Year ended 31 October 2025 £'000	Year ended 31 October 2024 £'000
Current tax (expense) / income		
UK corporation tax adjustment in respect of R&D	(26)	101
UK corporation tax adjustment in respect of prior years – R&D	-	398
Total tax income	(26)	499

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to the loss for the year are as follows:

	2025	2024
Tax rate	25.00%	25.00%
Loss for the year before tax	(1,058)	(1,344)
Expected tax credit based on corporation tax rate	(265)	(336)
Expenses not deductible for tax purposes	35	(84)
Adjustment in respect of prior year – R&D	-	(398)
Adjustment in respect of current year – R&D	(137)	(101)
Different tax rates in other countries	-	20
Tax losses not recognised	393	400
Total tax income	26	(499)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised, based on tax law and the corporation tax rates that have been enacted, or substantively enacted, at the Statement of Financial Position date. As such, the deferred tax rate applicable at 31 October 2025 is 25% and deferred tax had been re-measured at this date.

10. Loss per share

	Year ended 31 October 2025 £	Year ended 31 October 2024 £
Loss for the year	(1,084,000)	(845,000)
	Shares	**Shares**
Weighted average number of shares in issue	54,157,848	53,454,166
Weighted average number of share options	3,691,785	1,829,734
Weighted average number of shares (diluted)	57,849,633	55,283,900
Loss per share (basic)	(2.00)	(1.58p)
Loss per share (diluted)	(2.00)	(1.58p)

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

11. Intangible assets

Group	Development costs £'000	Total £'000
Cost		
At 31 October 2023	1,408	1,408
Additions	372	372
Exchange adjustments	(41)	(41)
At 31 October 2024	1,739	1,739
Additions	409	409
Disposals	(430)	(430)
Exchange adjustments	(19)	(19)
At 31 October 2025	1,699	1,699
Amortisation		
At 31 October 2023	518	518
Charge for the year	240	240
Exchange adjustments	(6)	(6)
At 31 October 2024	752	752
Charge for the year	310	310
Disposals	(430)	(430)
Exchange adjustments	(5)	(5)
At 31 October 2025	627	627
Net book value		
At 31 October 2023	890	890
At 31 October 2024	987	987
At 31 October 2025	1,072	1,072

Company	Development costs £'000	Total £'000
Cost		
At 31 October 2023	687	687
Additions	177	177
At 31 October 2024	864	864
Additions	409	409
Disposals	(430)	(430)
At 31 October 2025	843	843
Amortisation		
At 31 October 2023	455	455
Charge for the year	69	69
At 31 October 2024	524	524
Charge for the year	139	139
Disposals	(430)	(430)
At 31 October 2025	233	233
Net book value		
At 31 October 2023	232	232
At 31 October 2024	340	340
At 31 October 2025	610	610

Impairment

The Group reviews the development costs at each reporting year for indicators of impairment. An indication of impairment can be generated from the loss of a customer, or contracted sales. No impairment was judged to be required for either year.

12. Property, plant and equipment

Group	Leasehold improvements £'000	Plant & machinery £'000	Motor vehicles £'000	Fixtures & fittings £'000	Total £'000
Cost					
At 31 October 2023	995	2,383	23	853	4,254
Additions	48	159	-	5	212
Exchange adjustments	(33)	(26)	-	(22)	(81)
At 31 October 2024	1,010	2,516	23	836	4,385
Additions	173	135	-	26	334
Disposals	(27)	(310)	(7)	(285)	(629)
Exchange adjustments	(13)	(13)	-	(8)	(34)
At 31 October 2025	1,143	2,328	16	569	4,056
Depreciation					
At 31 October 2023	222	1,532	23	382	2,159
Charge for the year	105	187	-	90	382
Exchange adjustments	(1)	(7)	-	(2)	(10)
At 31 October 2024	326	1,712	23	470	2,531
Charge for the year	116	190	-	74	380
Disposal	(17)	(308)	(7)	(280)	(612)
Exchange adjustments	(2)	(2)	-	(2)	(6)
At 31 October 2025	423	1,592	16	262	2,293
Net book value					
At 31 October 2023	773	851	-	471	2,095
At 31 October 2024	684	804	-	366	1,854
At 31 October 2025	720	736	-	307	1,763

Company	Leasehold improvements £'000	Plant & machinery £'000	Motor vehicles £'000	Fixtures & fittings £'000	Total £'000
Cost					
At 31 October 2023	510	1,855	23	418	2,806
Additions	4	5	-	-	9
At 31 October 2024	514	1,860	23	418	2,815
Additions	2	29	-	18	49
Disposal	(27)	(310)	(7)	(285)	(629)
At 31 October 2025	489	1,579	16	151	2,235
Depreciation					
At 31 October 2023	199	1,500	23	350	2,072
Charge for the year	50	109	-	33	192
At 31 October 2024	249	1,609	23	383	2,264
Charge for the year	49	98	-	18	165
Disposal	(17)	(308)	(7)	(280)	(612)
At 31 October 2025	281	1,399	16	121	1,817
Net book value					
At 31 October 2023	311	355	-	68	734
At 31 October 2024	265	251	-	35	551
At 31 October 2025	208	180	-	30	418

13. Investment in subsidiaries

	Group 31 October 2025 £'000	Group 31 October 2024 £'000	Company 31 October 2025 £'000	Company 31 October 2024 £'000
Subsidiary undertakings	-	-	-	-
	-	-	-	-

A list of all the investment in subsidiaries is as follows:

Name of company	Registered office	Country of registration	Type of shares	Proportion of shareholding and voting rights held	Nature of business
Directly owned					
Velocity Composites SDN. BHD	Pentagon Suite, ES-04, Level 3, Wisma Suria, Jalan Teknokrat 6, Cyber 5, 63000, Cyberjaya, Selangor	Malaysia	Ordinary	100%	Provider of engineering composite services for the aerospace sector non trading
Velocity Composites Aerospace, Inc.	Corporation Trust Center, 1209 N. Orange St, Wilmington, Delaware 19801	United States of America	Ordinary	100%	Manufacturer of composite material products for the aerospace sector

14. Inventories

	Group 31 October 2025 £'000	Group 31 October 2024 £'000	Company 31 October 2025 £'000	Company 31 October 2024 £'000
Raw materials & consumables	1,705	1,698	1,259	1,283
Finished goods	394	802	232	486
	2,099	2,500	1,491	1,769

Inventories totalling £2,099,000 (2024: £2,500,000) are valued at the lower of cost and net realisable value. The Directors consider that this value represents the best estimate of the fair value of those inventories net of costs to sell. The increase of inventories provision during the previous year amounted to £31,000 Velocity Composites plc and £23,000 for Velocity Composites Aerospace Inc, in 2024 there was a decrease of £55,000 for Velocity Composites plc and £47,000 for Velocity Composites Aerospace Inc.

The inventory at 31 October 2025 is after a stock provision of £326,000 (2024: £272,000). The provision reflects the aged stock profile consistent with FY2024, as well as specific provisions related to slow moving stock as a result of reduced demand.

Inventories recognised as an expense during the year ended 31 October 2025 amounted to £12,598,000 (2024: £14,966,000), and these were included in cost of sales.

15. Trade and other receivables

	Group 31 October 2025 £'000	Group 31 October 2024 £'000	Company 31 October 2025 £'000	Company 31 October 2024 £'000
Trade receivables	2,471	3,349	2,441	2,789
Prepayments	434	400	360	318
Other receivables	9	98	4	100
Tax receivable	111	130	111	130
Amounts due from subsidiary undertakings	-	-	3,218	3,276
	3,025	3,977	6,134	6,613

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within an average of 44 days (2024: 53 days) and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost. Details about the Group's impairment policies and credit risk are provided in note 3. £71,000 Trade receivables (Group and Company) were overdue by more than three months at the year-end (2024: £23,000).

The overall expected credit loss is trivial (2024: trivial). There is no movement in allowance of impairment of trade receivables during each year.

Trade receivables (Group and Company) held in currencies other than sterling are as follows:

	31 October 2025 £'000	31 October 2024 £'000
Euro	117	235
US Dollar	2,120	2,763
	2,237	2,998

16. Cash and cash equivalents

	Group 31 October 2025 £'000	Group 31 October 2024 £'000	Company 31 October 2025 £'000	Company 31 October 2024 £'000
Cash at bank	392	1,663	194	1,115
	392	1,663	194	1,115

17. Trade and other payables

	Group 31 October 2025 £'000	Group 31 October 2024 £'000	Company 31 October 2025 £'000	Company 31 October 2024 £'000
Trade payables	1,704	3,251	768	1,365
Accruals and deferred income	353	366	317	197
Other taxes and social security	429	316	399	315
Other payables	29	-	15	-
	2,515	3,933	1,499	1,877

Book values approximate to fair values.

18. Bank loans

	Group 31 October 2025 £'000	Group 31 October 2024 £'000	Company 31 October 2025 £'000	Company 31 October 2024 £'000
Not later than one year	402	503	402	503
One to two years	95	468	95	468
	497	971	497	971

In FY2020 the Company took out a Coronavirus Business Interruption Loan for £2.0m and on 19 January 2021 the term of this loan was extended to 6 years. Repayment by instalment commenced in August 2021, with the final instalment due in July 2026. The loan was interest free for the initial 12 months, followed by a fixed interest rate of 4.39%.

During FY2022, the Company took out a further Coronavirus Business Interruption Loan for £0.45m secured against owned non-current assets. This is being repaid over 5 years with the first payment made in July 2022 and the final instalment due in June 2027. The loan was interest free for the initial 12 months, followed by a fixed interest rate of 7.75% per annum.

19. Leases

Right-of-use-assets

Group	Land & buildings £'000	Plant & machinery £'000	Motor vehicles £'000	Total £'000
Cost				
Balance at 31 October 2023	2,665	561	205	3,431
Additions	-	165	107	272
Exchange adjustments	(38)	-	-	(38)
Balance at 31 October 2024	2,627	726	312	3,665
Additions	-	688	86	774
Disposals	(121)	(2)	-	(123)
Exchange adjustments	-	(20)	-	(20)
Balance at 31 October 2025	2,506	1,392	398	4,296
Depreciation				
Balance at 31 October 2023	841	375	86	1,302
Depreciation charge for the year	413	82	45	540
Exchange adjustments	(3)	-	-	(3)
Balance at 31 October 2024	1,251	457	131	1,839
Depreciation charge for the year	410	81	141	632
Disposals	(121)	(2)	-	(123)
Exchange adjustments	(2)	(1)	(2)	(5)
Balance at 31 October 2025	1,538	535	270	2,343
NBV				
At 31 October 2023	1,824	186	119	2,129
At 31 October 2024	1,376	269	181	1,826
At 31 October 2025	968	857	128	1,953

The associated right-of-use assets for property leases and other assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 October 2025.

Company	Land & buildings £'000	Plant & machinery £'000	Motor vehicles £'000	Total £'000
Cost				
Balance at 31 October 2023	1,976	561	205	2,742
Balance at 31 October 2024	1,976	561	205	2,742
Additions	-	-	86	86
Disposals	(121)	(2)	-	(123)
Balance at 31 October 2025	1,855	559	291	2,705
Depreciation				
Balance at 31 October 2023	760	375	86	1,221
Depreciation charge for the year	282	74	42	398
Balance at 31 October 2024	1,042	449	128	1,619
Depreciation charge for the year	282	55	48	385
Disposals	(121)	(2)	-	(123)
Balance at 31 October 2025	1,203	502	176	1,881
NBV				
At 31 October 2023	1,216	186	119	1,521
At 31 October 2024	934	112	77	1,123
At 31 October 2025	652	57	115	824

The associated right-of-use assets for property leases and other assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 October 2025.

Right-of-use lease liabilities

	Group £'000	Company £'000
At 31 October 2024	1,819	1,196
Repayment	(788)	(483)
Additions to right-of-use assets in exchange for increased lease liabilities	774	86
Interest and other movements	103	72
Exchange adjustments	(13)	-
At 31 October 2025	1,895	871

Analysis by length of liability

Group	**Land & buildings** £'000	**Plant & equipment** £,000	**Motor vehicles** £'000	**Total** £'000
Current	409	212	82	703
Non-current	498	579	128	1205
Exchange adjustments	(13)	-	-	(13)
	894	791	210	1895
Number of right-to-use assets leased	4	3	7	
Range of remaining term	1-10 years	1-10 years	1-4 years	

Company	**Land & buildings** £'000	**Plant & equipment** £,000	**Motor vehicles** £'000	**Total** £'000
Current	277	42	56	375
Non-current	388	28	80	496
	665	70	136	871
Number of right-to-use assets leased	3	1	6	
Range of remaining term	1-10 years	1-10 years	1-4 years	

Reconciliation of minimum lease payments to present value

Group	**Minimum lease payments** £'000	**Interest** £'000	**Present value** £'000
31 October 2024			
Not later than one year	651	90	561
Later than one year and not later than two years	646	71	575
Later than two years and not later than five years	781	98	683
	2,078	258	1,819
31 October 2025			
Not later than one year	794	91	703
Later than one year and not later than two years	758	72	686
Later than two years and not later than five years	578	72	506
	2,130	235	1,895

Company	**Minimum lease payments** £'000	**Interest** £'000	**Present value** £'000
31 October 2024			
Not later than one year	431	64	367
Later than one year and not later than two years	425	45	380
Later than two years and not later than five years	510	61	449
	1,366	170	1,196
31 October 2025			
Not later than one year	429	54	375
Later than one year and not later than two years	430	37	393
Later than two years and not later than five years	134	31	103
	993	122	871

Low value leases
The Group leases comprise both office and assembly space, under low value leases. The total value of the minimum lease payments due is payable is £nil (2024: £nil).

Low value leases not classed as right-of-use assets due to the minimal value of the lease, relate to IT and office equipment, all other prior year operating leases have been classed as right-to-use asset on transition to IFRS 16. Payments made under such leases are expensed on a straight-line basis.

20. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using tax rates appropriate for the year. The movement on the deferred tax account is as shown below:

The movement on the deferred tax (asset)/liability is shown below:

Company	**31 October 2025** £'000	**31 October 2024** £'000
Unrecognised deferred tax in respect of losses brought forward	(1,668)	(1,630)
Corporation tax loss adjustments in respect of prior year		120
Corporation tax losses arising during the year	(271)	(158)
Unrecognised deferred tax in respect of losses carried forward	(1,939)	(1,668)

The Group has unused tax losses which were incurred by the parent company. A deferred tax asset of £1,905,000 (2024: £1,668,000) is not recognised in these accounts. Corporation tax losses can be carried forward indefinitely and can be offset against future profits which are subject to UK corporation tax.

21. Reconciliation of liabilities arising from financing activities

Group	**Lease liabilities < one year** £'000	**Other short-term borrowings** £'000	**Lease liabilities > one year** £'000	**Other long-term borrowings** £'000	**Total** £'000
At 31 October 2023	487	503	1,587	970	3,547
Cash flows					
Repayment	(597)	(502)	-	-	(1,099)
Non-cash					
Other differences	-	-	70	-	70
Increase to lease liabilities	-	-	272	-	272
Transfer from long-term to short term borrowings	671	502	(671)	(502)	-
As at 31 October 2024	561	503	1,258	468	2,790
Cash flows					
Repayment	(788)	(474)	-	-	(1,262)
Non-cash					
Other differences	-	-	91	-	91
Increase to lease liabilities	-	-	773	-	773
Transfer from long-term to short term borrowings	930	373	(930)	(373)	-
As at 31 October 2025	703	402	1,192	95	2,392

Company	Lease liabilities < one year £'000	Other short-term borrowings £'000	Lease liabilities > one year £'000	Other long-term borrowings £'000	Total £'000
At 31 October 2023	344	503	1,196	970	3,013
Cash flows					
Repayment	(424)	(502)	-	-	(926)
Non-cash					
Other differences	-	-	80	-	80
Transfer from long-term to short term borrowings	447	502	(447)	(502)	-
As at 31 October 2024	367	503	829	468	2,167
Cash flows					
Repayment	(430)	(474)	-	-	(904)
Additional lease liabilities	-	-	86	-	86
Non-cash					
Other differences	-	-	19	-	19
Transfer from long-term to short term borrowings	438	373	(438)	(373)	-
As at 31 October 2025	375	402	496	95	1,368

22. Share capital

	31 October 2025 £	31 October 2024 £
Share capital issued and fully paid		
54,669,371 (2024: 53,509,706) Ordinary shares of £0.0025 each	136,673	133,774

Ordinary shares have a par value of £0.0025. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. The Company does not have a limited amount of authorised capital.

Movements in share capital	Nominal value £	Number of shares
Ordinary shares of £0.0025 each		
At the beginning of the year	133,774	53,509,706
Exercising of share options	2,899	1,159,665
Closing share capital at 31 October 2025	136,673	54,669,371

Options

Information relating to the Velocity Composites plc Employee Options Plans, which could potentially dilute basic loss per share in future periods, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting year, are given in note 24.

23. Share premium

	31 October 2025 £'000	31 October 2024 £'000
At the beginning of the year	4,870	4,870
Shares issued net of transaction costs	21	-
At the end of the year	4,891	4,870

24. Share-based payments

The Group's employees are granted option awards under the Velocity Composites plc Enterprise Management Incentive and Unapproved Scheme.

The following options were outstanding as at 31 October 2025:

Grant date	Exercise price (£)	Vesting date	Expiry date	Vested	Not vested	Total
13 March 2017	0.0025	13 Mar 2019	13 Mar 2027	20,000	-	20,000
01 April 2021	0.1300	01 Apr 2021	01 Apr 2026	125,000	-	125,000
26 January 2022	0.0025	26 Jan 2023	01 Nov 2027	103,529	-	103,529
28 March 2023	0.0025	28 Mar 2024	28 Mar 2028	267,333	-	267,333
15 July 2024	0.4150	30 Apr 2026	16 July 2034	-	1,040,000	1,040,000
30 January 2025	0.2572	31 Oct 2028	01 Feb 2035	-	1,440,000	1,440,000
30 January 2025	0.0025	01 Nov 2025	30 Jan 2030	-	165,518	165,518
30 January 2025	0.2572	03 Jun 2027	01 Feb 2035	-	125,000	125,000
30 January 2025	0.2572	03 Feb 2028	01 Feb 2035	-	75,000	75,000
				515,862	2,845,518	3,361,380

The remaining 20,000 share options dated 13 March 2017 have no attached performance conditions and have vested as a resulted of continued employment. The options may be exercised at any point up to the tenth anniversary of the grant date.

The 125,000 shares options dated 1 April 2021 have no attached performance conditions and have vested as a result of continued employment. The options were awarded in relation to senior management employee joining and providing an equity incentive around the performance of the business. The options may be exercised at any point up to the tenth anniversary of the grant date.

The 103,529 remaining shares options dated 26 January 2022 have no attached performance conditions and have been issued in exchange for qualifying staff agreeing to accept 20% of their basic salary in equity alternatives.

The remaining 267,233 shares options dated 28 March 2023 have no attached performance conditions and have been issued in exchange for qualifying staff agreeing to accept 20% of their basic salary in equity alternatives.

The 1,040,000 shares options dated 15 July 2024 were issued under the Company's Long Term Incentive Plan (LTIP) and have attached performance conditions linked to profit after tax. They vest over four years, or earlier if a vesting event occurs in the rules of the Scheme.

The 1,440,000 shares options dated 30 January 2025 were issued under the Company's LTIP and have attached performance conditions linked to profit after tax. They vest over four years, or earlier if a vesting event occurs in the rules of the Scheme.

The 165,518 shares options dated 30 January 2025 have no attached performance conditions and have been issued in exchange for qualifying staff agreeing to accept 20% of their basic salary in equity alternatives.

The 125,000 and 75,000 shares options dated 30 January 2025 have no attached performance conditions and vest subject only to continued employment. They were awarded in relation to the appointment of Rob Smith as a director of the company and a senior management employee joining, providing an equity incentive around the performance of the business. The options vest on the third anniversary of the employees commencing their roles and options may be exercised at any point up to the tenth anniversary of the grant date.

Vesting events are defined within the rules of the Scheme as a reorganisation, takeover, sale, listing (except on AIM), asset sale, or death of the Option holder. The options may be exercised at any point up to the tenth anniversary grant date.

There were no cancellations or modifications to the awards in the year.

The Group recognised a cost of £386,000 (2024: £143,000) relating to share-based payment transactions which are all equity settled, an equivalent amount being transferred to share-based payment reserve. This reflects the fair value of the options, which has been derived through use of the Black-Scholes model.

The cost of share-based payments is included in "Administrative expenses" within the Statement of total comprehensive income. The share-based payments reserve is used to recognise the grant date fair value of options issued to employees but not exercised. The table below sets out the movement to the share-based payment reserves in the year.

The tables below split the share-based payments according to the terms they have been awarded.

Share options granted to employees on the Company's listing on AIM:

Grant date	Exercise price (£)	Vesting date	Expiry date	Vested	Not vested	Total
13 March 2017	0.0025	13 Mar 2019	13 Mar 2027	20,000	-	20,000
				20,000	-	20,000

Share options granted under the salary sacrifice scheme:

Grant date	Exercise price (£)	Vesting date	Expiry date	Vested	Not vested	Total
26 January 2022	0.0025	26 Jan 2023	01 Nov 2027	103,529	-	103,529
28 March 2023	0.0025	28 Mar 2024	28 Mar 2028	267,333	-	267,333
30 January 2025	0.0025	01 Nov 2025	30 Jan 2030	-	165,518	165,518
				370,862	165,518	536,380

Share options granted under the LTIP scheme:

Grant date	Exercise price (£)	Vesting date	Expiry date	Vested	Not vested	Total
15 July 2024	0.4150	30 Apr 2026	15 July 2034	-	1,040,000	1,040,000
30 January 2025	0.2572	31 Oct 2028	30 Jan 2035	-	1,440,000	1,440,000
				-	2,480,000	2,480,000

Share options granted to senior managers and directors on joining the business:

Grant date	Exercise price (£)	Vesting date	Expiry date	Vested	Not vested	Total
01 April 2021	0.1300	01 Apr 2021	01 Apr 2026	125,000	-	125,000
30 January 2025	0.2572	03 Jun 2027	30 Jan 2035	-	125,000	125,000
30 January 2025	0.2572	03 Feb 2028	30 Jan 2035	-	75,000	75,000
				125,000	200,000	325,000

Movement in share options

Grant date	As at 1 Nov 2024	Granted	Lapsed	Exercised	As at 31 Oct 2025
	£'000	£'000	£'000	£'000	£'000
13 March 2017	31	-	-	(18)	13
17 October 2017	10	-	(10)	-	-
29 October 2019	16	-	-	(16)	-
30 October 2020	24	-	-	(24)	-
01 April 2021	14	-	-	(4)	10
01 April 2021	8	-	-	-	8
26 January 2022	46	-	-	(23)	23
26 January 2022	24	-	-	(24)	-
29 March 2022	4	-	-	(4)	-
28 March 2023	186	-	-	(96)	90
24 January 2024	54	-	-	(54)	-
24 January 2024	58	-	-	(58)	-
15 July 2024	42	233	(15)	-	260
30 January 2025	-	169	-	-	169
	517	402	(25)	(321)	573

25. Provisions

As at 31 October 2025 a provision of £256,000 (2024: £218,000) has been recognised in relation to dilapidations.

As part of the Group's property leasing arrangements there is an obligation to return properties to their original condition at the end of the lease. The cost is charged to profit and loss as the obligation arises. The provision is expected to be utilised between 2026 and 2029 as the leases terminate.

The dilapidations provision is considered a source of significant estimation uncertainty. The provision has been calculated using one years' worth of rental over estimated lease termination dates prorated to the term the lease has been occupied.

26. Related party transactions

Balances and transactions between the Company and its subsidiary, which are related parties, have been eliminated on consolidation. However, the key transactions with other related parties are as follows:

During the year, the Group engaged North West Aerospace Alliance, which provides membership and subscription services for the Aerospace Industry. One of the directors of North West Aerospace Alliance Limited is a director of Velocity Composites plc. The Group paid £1,440 (2024: £809) to North West Aerospace Alliance during the year and had £nil outstanding at the year-end (2024: £nil).

27. Ultimate controlling party

The Company's ordinary shares are publicly trade on the AIM market, part of the London Stock Exchange. There is no single controlling entity.

28. Capital commitments

At 31 October 2025 the Group had £nil (2024: £1,164,144) of capital commitments relating to the purchase of leasehold improvements, plant and machinery and fixture and fittings.

29. Pension commitments

The Group makes contributions to defined contribution stakeholder pension schemes. The contributions for the year of £191,000 (2024: £96,000) were charged to the Consolidated Income statement. Contributions outstanding as at 31 October 2025 were £nil (2024: £nil).

30. Contingent liabilities

As at 31 October 2025, National Westminster Bank plc holds a debenture that provides a fixed and floating charge on the assets of the Company.

31. Adjusted EBITDA

EBITDA is considered by the Board to be a useful alternative performance measure reflecting the operational profitability of the business. Adjusted EBITDA is defined as earnings before finance charges, taxation, depreciation, amortisation and adjusted for share-based payments. Share-based payments are added back to make the share-based payment charge clear to stakeholders.

Reconciliation from operating loss	**Year ended 31 October 2025** £'000	**Year ended 31 October 2024** £'000
Operating loss	(718)	(931)
Add back:		
Depreciation of property, plant and equipment	380	382
Amortisation	310	240
Depreciation of right-of-use assets under IFRS 16	632	540
Share-based payments	386	143
Adjusted EBITDA	990	374

Advisers

Company registration number:	06389233	
Company Secretary and Registered office:	Rob Smith AMS Technology Park Billington Road Burnley Lancashire BB11 5UB	
Nominated adviser:	Canaccord Genuity Limited, 88 Wood Street, London EC2V 7QR	
Joint brokers:	Canaccord Genuity Limited, 88 Wood Street, London EC2V 7QR	Dowgate Capital Limited, 15 Fetter Lane, London EC4A 1BW
Bankers:	National Westminster Bank 1 Hardman Boulevard Manchester M3 3AQ HSBC Bank USA 452 5th Avenue New York NY 10018	Royal Bank of Scotland 1 Hardman Boulevard Manchester M3 3AQ
Legal Advisers	Fieldfisher LLP 17th Floor No 1 Spinningfields 1 Hardman Street Manchester M3 3EB	
Independent Auditor	Cooper Parry Group Limited Sky View Argosy Road East Midland Airport Castle Donington Derby DE74 2SA	
Registrars	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA	
Financial PR	SEC Newgate UK Limited 14 Greville Street London EC1N 8SB	

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting **(Meeting)** of Velocity Composites plc **(Company)** will be held at the offices of AMS Technology Park, Billington Rd, Burnley BB11 5UB on 17 March 2026 at 10 am to consider, and if thought fit, pass the following resolutions. Resolutions 1 to 9 (inclusive) will be proposed as ordinary resolutions and resolutions 10, 11, and 12 will be proposed as special resolutions.

Ordinary Business

Ordinary Resolutions

1. To receive and adopt the Annual Report and Accounts of the Company for the period ended 31 October 2025 and the reports of the directors and independent auditors thereon.
2. To approve the Directors' Remuneration Report contained within the Company's Annual Report and Accounts for the period ended 31 October 2025.
3. To re-appoint as a non-executive director David Warren Bailey who retires from office in accordance with the Company's Articles of Association and offers himself for re-appointment.
4. To re-appoint as a non-executive director Annette Rothwell who retires from office in accordance with the Company's Articles of Association and offers herself for re-appointment.
5. To re-appoint as a non-executive director Andrew Michael Beaden who retires from office in accordance with the Company's Articles of Association and offers himself for re-appointment.
6. To re-appoint as a director Jonathan Karl Bridges who retires from office in accordance with the Company's Articles of Association and offers himself for re-appointment.
7. To re-appoint as a director Robert St. John Smith who retires from office in accordance with the Company's Articles of Association and offers himself for re-appointment.
8. To re-appoint Cooper Parry Group Limited as independent auditors of the Company, from the conclusion of this Annual General Meeting until the conclusion of the next general meeting of the Company at which accounts are laid and to authorise the directors to determine the auditors' remuneration.

Special Business

Ordinary Resolutions

9. To resolve that the directors be and are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the "Act"), to exercise all the powers of the Company to allot shares and grant rights to subscribe for, or convert any security into, shares:

   9.1 up to a maximum nominal amount (within the meaning of Section 551(3) and (6) of the Act) of £45,557.80 (such amount to be reduced by the nominal amount allotted or granted under paragraph 9.2 below in excess of such amount); and

9.2 comprising equity securities (as defined in Section 560(1) of the Act) up to an aggregate nominal amount (within the meaning of Section 551(3) and (6) of the Act) of £91,115.61 (such amount to be reduced by any allotments or grants made under paragraph 9.1 above) in connection with or pursuant to an offer by way of a rights issue in favour of holders of ordinary shares in proportion (as nearly as practicable) to the respective number of ordinary shares held by them on the record date for such allotment (and holders of any other class of equity securities entitled to participate therein or if the directors consider it necessary, as permitted by the rights of those securities), but subject to such exclusions or other arrangements as the directors may consider necessary or appropriate to deal with fractional entitlements, treasury shares, record dates or legal, regulatory or practical difficulties which may arise under the laws of, or the requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever,

these authorisations to expire at the conclusion of the next Annual General Meeting of the Company (or if earlier on 17 March 2027), unless previously revoked or varied by the Company (save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or rights to be granted after such expiry, and the directors may allot shares, or grant rights to subscribe for or to convert any security into shares in pursuance of any such offer or agreement as if the authorisations conferred hereby had not expired).

Special Resolutions

10. To resolve that, subject to the passing of resolution 9 set out above, the directors be and are hereby given power pursuant to Sections 570(1) and 573 of the Act to allot equity securities (as defined in Section 560(1) of the Act) for cash pursuant to the authorisation conferred by that resolution and/or to sell ordinary shares held by the Company as treasury shares, as if Section 561 of the Act did not apply to any such allotment or sale, provided that such authority be limited:

10.1 to the allotment of equity securities for cash in connection with or pursuant to an offer of, or invitation to acquire, equity securities (but in the case of the authorisation granted under resolution 9.2 above, by way of a rights issue only) in favour of holders of ordinary shares in proportion (as nearly as practicable) to the respective number of ordinary shares held by them on the record date for such allotment (and holders of any other class of equity securities entitled to participate therein or if the directors consider it necessary, as permitted by the rights of those securities) but subject to such exclusions or other arrangements as the directors may consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates or legal, regulatory or practical difficulties which may arise under the laws of or the requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever; and

10.2 to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph 10.1 above) up to an aggregate nominal amount of £13,667.34

such authority to expire at the conclusion of the next Annual General Meeting of the Company (or, if earlier, on 17 March 2027), unless previously revoked or varied by the Company (save that the Company may before such expiry make any offer or agreement that would or might require equity securities to be allotted, or treasury shares to be sold, after such expiry and the directors may allot equity securities, or sell treasury shares in pursuance of any such offer or agreement as if the power conferred hereby had not expired).

11. That, subject to the passing of resolution number 10 above, the directors be and they are hereby empowered, pursuant to section 570 of the Act, to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by resolution number 10 or by way of a sale of treasury shares as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

    11.1 the allotment of equity securities up to an aggregate nominal amount of £13,667.34; and used for the purposes of financing (or refinancing, if such refinancing occurs within six months of the original transaction) a transaction which the directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice, and shall expire upon the expiry of the general authority conferred by resolution 10 above, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted and/or shares held by the Company in treasury to be sold or transferred after such expiry and the directors may allot equity securities and/or sell or transfer shares held by the Company in treasury in pursuance of such offers or agreements as if the power conferred by this resolution had not expired.

12. To authorise the Company generally and unconditionally for the purposes of section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of any of the ordinary shares in the capital of the Company on such terms and in such manner as the directors may from time to time determine, such shares to be either held as treasury shares or cancelled as the board may determine, provided that:

    12.1 the maximum aggregate number of shares that may be purchased is 5,466,937;

    12.2 the minimum price that may be paid for each ordinary share is the nominal amount of such share which amount shall be exclusive of expenses, if any;

    12.3 the maximum price (exclusive of expenses) which may be paid for each ordinary share is an amount equal to the higher of:

        12.3.1 105 per cent of the average of the middle market quotations for the ordinary shares of the Company (as derived from the AIM Appendix to the Daily Official List of London Stock Exchange plc) for the five business days immediately preceding the day on which such share is contracted to be purchased; and

    12.4 the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange as stipulated by the Commission-adopted Regulatory Technical Standards pursuant to article 5(6) of the Market Abuse Regulation;

    12.5 the Company may, before this authority expires, make a contract to purchase ordinary shares that would or might be executed wholly or partly after the expiry of this authority, and may make purchases of ordinary shares pursuant to it as if this authority had not expired;

    12.6 unless previously renewed, revoked or varied, this authority shall expire on 17 March 2027, or if earlier, at the conclusion of the next Annual General Meeting of the Company.

By order of the Board

Rob Smith
Company Secretary
26 January 2026

Registered Office: AMS Technology Park, Billington Road, Burnley, Lancashire, BB11 5UB
Registered in England and Wales No. 06389233

Notes to Notice of Annual General Meeting

Notes to the AGM

1. Only those shareholders registered in the Company's register of members at: 6.30pm on 13 March 2026; or if this meeting is adjourned, at 6.30pm on the day two days prior to the adjourned meeting (excluding non-business days) shall be entitled to vote at the meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

2. Any member wishing to vote at the meeting without attending in person or (in the case of a corporation) through its duly appointed representative must appoint a proxy to do so. You may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. A proxy need not be a shareholder of the Company. To appoint more than one proxy, please return a separate form in relation to each proxy to the Company's registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, clearly indicating next to the name of each proxy the number and class of shares in respect of which he is appointed. Failure to specify the number of shares to which each proxy appointment relates or specifying a number in excess of those held by the shareholder will result in the proxy appointment being invalid. If you submit more than one valid proxy appointment in respect of the same shares, the appointment received last before the latest time for the receipt of proxies will take precedence.

3. A form of proxy accompanies this notice and the notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. You are advised to read the terms and conditions of use carefully.

4. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment of the meeting) by using the procedures described in the CREST manual (available from www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

6. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by Equiniti Limited (ID: RA19) not later than 48 hours before the time fixed for the Annual General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Equiniti is able to retrieve the message by enquiry to CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages and normal system timings and limitations will apply in relation to the input of a CREST Proxy Instruction. It is the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

In order to revoke a proxy instruction, you will need to inform the Company by sending a signed notice clearly stating your intention to revoke your proxy appointment to the Company's registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, by no later than 10.00am on 13 March 2026. In the case of a member that is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or a duly appointed attorney for the Company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Equiniti Limited no later than 10.00am on 13 March 2026. If you attempt to revoke your proxy appointment but the revocation is received after the time specified, then your proxy appointment will remain valid.

7. If you are an institutional investor, you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 10.00am on 13 March 2026 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them, and they will govern the electronic appointment of your proxy.

8. As at 6.30pm on 26 January 2026 (the latest practicable date prior to the printing of this notice) (i) the Company's issued share capital consisted of 54,669,371 ordinary shares, carrying one vote each, and (ii) the total voting rights in the Company were 54,669,371. The Company's website will include information on the number of shares and voting rights.

9. Please note that as shareholders may not be able to attend this year's Annual General Meeting, the Company is proposing to allow shareholders the opportunity to raise any issues or concerns arising from the business proposed to be conducted at the meeting. Appropriate questions on the business of the meeting should be emailed to ir@velocity-composites.com before 6.30pm on 13 March 2026 and responses will be posted on the Company's website, www.velocity-composites.com on the morning of the Annual General Meeting. The Company must answer any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

10. The register of directors' interests in the shares of the Company and copies of the directors' service contracts and letters of appointment, other than those expiring or determinable without payment of compensation within one year, are available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this notice until the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the meeting.

11. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders registered in the register of members of the Company by 6.30pm on 13 March 2026 shall be entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

12. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

13. There are set out below notes to the resolutions to be passed at the Annual General Meeting. If you require further guidance, you should contact your solicitor or financial adviser.

Explanatory Notes to the Resolutions to be proposed at the Annual General Meeting

Resolution 1

Report and accounts
The directors will present the audited financial statements of the Company for the period ended 31 October 2025 together with the directors' report and the auditor's report on those financial statements.

Resolution 2

Remuneration report
The directors will present the remuneration report for the period ended 31 October 2025 for approval. This vote is not mandatory but is considered best practice.

Resolutions 3 to 7 inclusive

Re-election of directors
Under the Articles of Association of the Company, all directors appointed by the Board after the first annual general meeting shall retire at the annual general meeting following appointment and shall then be eligible for re-election and at least one third of the total number of directors shall retire at the annual general meeting and shall then be eligible for re-election. However, the Company's directors, in accordance with the QCA corporate governance Code (2023), all retire at each annual general meeting. Brief biographical details of each of the directors can be found in the Annual Report and Accounts and on the Company's website www.velocity-composites.com/investors.

Resolution 8

Re-appointment of auditors and fixing of auditors' remuneration
At every Annual General Meeting at which accounts are laid before shareholders, the Company is required to appoint an auditor to hold office from the end of the meeting until the next such meeting. This Resolution 8 proposes that Cooper Parry Group Limited be re-appointed as the Company's auditors to hold office until the next Annual General Meeting and that the directors be authorised to set their remuneration.

Resolution 9

General authority to allot new shares
Resolution 9, if passed, will grant authority for the directors to issue new shares within the best practice limits set by The Investment Association. The authority set out in paragraph 9.1 would permit allotments of new shares up to approximately one-third of the current issued share capital. The authority set out in paragraph 9.2 would permit allotments of new shares up to approximately two-thirds of the current issued share capital but would apply only in the case of an allotment of shares made pursuant to a rights issue (pre-emptive offer). The power granted by this resolution will expire on the conclusion of next year's Annual General Meeting or, if earlier, on 17 March 2027.

Resolution 10

General disapplication of pre-emption rights

Resolution 10, which is proposed as a special resolution, will, if passed, give the directors power, pursuant to the authority to allot granted by resolution 9, to allot equity securities (as defined by section 560 of the Act) or sell treasury shares for cash without first offering them to existing shareholders in proportion to their existing holdings: (a) in relation to pre-emptive offers and offers to holders of other equity securities if required by the rights of those securities or as the directors otherwise consider necessary, up to a maximum nominal amount of £45,557.80 which represents approximately one-third of the current issued share capital (excluding treasury shares) as at 26 January 2026 (being the latest practicable date prior to the publication of this notice) and, in relation to rights issues only, up to a maximum additional amount of £91.1115.61 which represents approximately two thirds of the current issued share capital (excluding treasury shares) as at 26 January 2026 (being the latest practicable date prior to the publication of this notice); and (b) in any other case, up to a maximum nominal amount of £13,667.34 which represents approximately 10 per cent of the Company's issued ordinary share capital (excluding treasury shares) as at 26 January 2026 (being the latest practicable date prior to the publication of this notice).

The power granted by this resolution will expire on the conclusion of the next Annual General Meeting of the Company (or, if earlier, on 17 March 2027). The directors have no present intention to exercise the authority conferred by this resolution.

Resolution 11

Disapplication of statutory pre-emption rights to finance an acquisition or other capital investment

In addition to the powers granted by Resolution 10, Resolution 11 will empower the directors to allot ordinary shares in the capital of the Company for cash on a non-pre-emptive basis:

- up to a maximum nominal value of £13,667.34, representing approximately 10 per cent of the issued ordinary share capital of the Company as at 26 January 2026 (the latest practicable date before publication of this document); and
- used only for the purposes of financing (or refinancing, if such financing occurs within six months of the original transaction) a transaction which the directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles of Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice.

The rights of pre-emption disapplication sought pursuant to Resolutions 10 and 11 represent, in aggregate, approximately 20% of the issued ordinary share capital of the Company as at 26 January 2026.

Resolution 12

Authority to make market purchases of own shares

Resolution 12, which which is proposed as a special resolution will give the Company authority to purchase its own shares in the market up to a limit of approximately 10% of its issued ordinary share capital (excluding treasury shares) as at 26 January 2026, being the latest practicable date prior to the publication of this notice. The maximum and minimum prices are stated in the resolution. Whilst they do not currently have any intention to utilise this authority the directors believe that it is advantageous for the Company to have this flexibility to make market purchases of its own shares. The directors will exercise this authority only if they are satisfied that a purchase would result in an increase in expected earnings per share and would be in the interests of shareholders generally. In the event that shares are purchased, they would either be cancelled (and the number of shares in issue would be reduced accordingly) or, in accordance with the Companies Act 2006, be retained as treasury shares. The Company may consider holding repurchased shares pursuant to the authority conferred by this resolution as treasury shares. This gives the Company the ability to transfer treasury shares quickly and cost effectively and would provide the Company with additional flexibility in the management of its capital base.

Velocity Composites plc
AMS Technology Park
Billington Road
Burnley
Lancashire
BB11 5UB

www.velocity-composites.com