

24 June 2026

VELOCITY COMPOSITES PLC
("Velocity", the "Company", the "Group")

Unaudited Half Year Results for the six months ended 30 April 2026

Velocity Composites plc (AIM: VEL), the leading supplier of composite material kits to aerospace, is pleased to announce the Company's unaudited results for the six months ended 30 April 2026.

Financial Highlights: Results confirm prior trading update in May 2026

- Revenue of £8.4m (H1 2025: £10.4m)
- Gross margin of 28.0% (H1 2025: 29.0%)
- Adjusted EBITDA profit of £0.1m (H1 2025: £0.3m)
- Loss before tax of £1.0m (H1 2025: £0.6m)
- Cash at bank as at 30 April 2026 of £0.7m (31 October 2025: £0.4m)
- Net cash of £0.5m (31 October 2025: net debt £0.1m)
- UK invoice discounting facility of £3.0m unutilised at 30 April 2026 (31 October 2025: unutilised)

Operating Highlights:

- Additional work at UK customer on A350 programme in sustained production
- Closure of UK Fareham facility expected to reduce overheads in H2 2026 and improve operational efficiencies at Burnley site
- Higher demand than expected from legacy UK customers
- Lead US customer delays to full enablement continued but final qualification process started in Q3 2026
- Additional programmes won at lead US customer and entering sustained production
- Multiple small contract wins with new customers with the potential to expand

Outlook:

- The Company expects to remain adjusted EBITDA positive for the year. However, the current scheduled product mix will reduce H2 gross margins. As a result, adjusted EBITDA and cash balance are expected to be below current market forecasts.
- Key civil programmes (A350, B737 and B787) seeing rate increases, creating additional demand on existing programmes and creating improved operating environment
- Limited short-term impact from Iran conflict
- Opportunities in US and UK following the separation and sale of Spirit AeroSystems to Airbus and to Boeing in December 2025
- Defence market in the US is buoyant and we are working on potential new opportunities in European defence market

Jon Bridges, CEO, Velocity, said: "Velocity has continued to make operational progress in the first half, delivering positive adjusted EBITDA despite the impact of customer phasing and delayed programme transfers. With a stronger net cash position, completed site consolidation,

increasing demand across key aerospace platforms and further opportunities in the UK, US and defence markets, we remain focused on sustainable growth.”

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About Velocity Composites plc

Based in Burnley, UK, Velocity is the leading supplier of composite material kits to aerospace that reduce costs and improve sustainability. Customers include Airbus, Boeing and GKN.

By using Velocity's proprietary technology, manufacturers can also free up internal resources to focus on their core business. Velocity has significant potential for expansion, both in the UK and abroad, including into new market areas, such as wind energy, urban air mobility and electric vehicles, where the demand for composites is expected to grow.

Chief Executive Officer's Statement

Overview

The first half of the year has been a period of continued operational progress. Revenue of £8.4m (H1 2025: £10.4m) reflects delayed programme transfers in the US and customer order phasing, with build rates weighted towards H2 2026.

The phasing of customers' demand has been impacted by a number of factors, including raw material supply and end customer build rate phasing. These factors are either now resolved or expected to unwind through H2 2026, and we anticipate a recovery in revenues as shipments and programme transfers accelerate.

Despite the lower sales, the Group delivered a third consecutive half year of positive adjusted EBITDA at £0.1m (H1 2025: £0.3m), reflecting the benefits of a continued focus on cost control and operational efficiency. Gross margin was in line with budget at 28.0% (H1 2025: 29.0%) while the loss before tax of £1.0m (H1 2025: £0.6m) reflected lower sales revenue and exceptional costs associated with the closure of the Fareham site.

The first half closed with an improved net cash position of £0.5m (31 October 2025: net debt £0.1m) and an undrawn £3.0m invoice discounting facility. This provides the Group with sufficient flexibility to support our planned scaling of activities in the second half of the current year. Cash at bank was £0.7m as at 30 April 2026 (31 October 2025: £0.4m). The improved cash position has been primarily driven by working capital efficiencies.

Customers and Operations

Operationally, we have made good progress. The previously announced additional work awarded on the A350 programme with one of our UK customers is now in sustained production. The Transfer and First Article Inspection process at our first US customer has started on the key remaining programme and is expected to continue through H2 2026.

Though the delays to the transfer of the final work programme have been frustrating, the rates on this programme are now expected to be significantly higher than previously projected as end-customer production targets have increased. In addition, further work packages outside the original contract scope, including design, manufacture and kitting of process materials, are being transferred and are contributing to revenues.

We have completed the closure of our Fareham facility and consolidated operations to our Burnley facility, which was achieved on-plan and with minimal disruption. This will reduce overheads in H2 2026 and lead to improved operational efficiencies, supported by our forward stock location model, which continues to allow us to serve customers flexibly while maintaining security of supply.

It is pleasing to report that demand from legacy UK customers has been stronger than expected, reflecting slower-than-planned in-sourcing activities.

Smaller contracts won with new customers also have the potential to expand.

We continue to invest in future growth. We have appointed a senior US sales executive to drive business development in this strategically important market, while freeing up existing resource to focus on UK and European opportunities.

Looking ahead, additional work is being awarded by existing customers and advanced discussions are underway with potential new customers, including a second US customer spanning both civil and defence programmes.

Market

Market conditions are showing clear signs of improvement. Importantly, the resolution of the Spirit AeroSystems acquisition in December 2025 is enabling Airbus and Boeing to refocus on increasing production rates, which is beginning to flow through the supply chain. We are seeing this reflected in rising demand across key platforms, including the A350, B737 and B787, as well as an increase in outsourcing conversations as customers look to address capacity constraints.

The defence market, particularly in the US, remains buoyant, and we are actively engaged in a growing pipeline of opportunities, while continuing to monitor the pace at which increased European defence spending translates into supply chain demand.

As aircraft production rates increase, Velocity's role becomes more critical. Our ability to support customers with inventory management, material availability and efficient raw material kitting solutions help both OEMs and their long lead time suppliers manage complex ramp-ups, reduce waste and maintain continuity of supply in an increasingly constrained environment.

Outlook

Looking ahead, we expect to deliver full year sales revenue performance in line with previous guidance, with a significant weighting towards the second half as programme transfers complete and revenues recover. Due to the changes in product mix, however, we expect a reduced but still positive adjusted EBITDA for the year and positive cash balance at the year-end. While there has been no short-term impact from the Iran conflict, we are monitoring any potential effects on airline traffic, customer demand, and supply chain dynamics.

The Group remains focused on achieving sustainable growth, improving profitability and building long-term strategic partnerships with global customers.

While short-term disruption has impacted the first half, the underlying fundamentals of the business remain strong. With improving market dynamics, a growing pipeline and continued operational discipline, we look to the future with confidence.

Jon Bridges
Chief Executive Officer
24 June 2026

Condensed consolidated statement of income

		6 months ended 30 April 2026 (unaudited) £'000	6 months ended 30 April 2025 (unaudited) £'000	12 months ended 31 October 2025 (audited) £'000
	Note			
Revenue	3	8,439	10,442	20,701
Cost of sales		(6,073)	(7,409)	(14,595)
Gross profit		2,366	3,033	6,106
Administrative expenses		(3,169)	(3,430)	(6,972)
Exceptional administrative expenses		(138)	-	-
Other operating income		46	-	148
Operating loss		(895)	(397)	(718)
Operating loss analysed as:				
Adjusted EBITDA profit		82	258	990
Depreciation of property, plant and equipment		(191)	(201)	(380)
Amortisation		(168)	(140)	(310)
Depreciation of right-of-use assets under IFRS 16		(340)	(271)	(632)
Share-based payments		(140)	(43)	(386)
Exceptional administrative expenses		(138)	-	-
Finance income and expense		(138)	(177)	(340)
Loss before tax		(1,033)	(574)	(1,058)
Corporation tax payable		-	-	(26)
Loss for the period and total comprehensive loss		(1,033)	(574)	(1,084)
Loss per share - Basic and diluted (pence per share)	4	(1.89p)	(1.06p)	(2.00p)

Condensed consolidated statement of other comprehensive income

	6 months ended 30 April 2026 (unaudited) £'000	6 months ended 30 April 2025 (unaudited) £'000	12 months ended 31 October 2025 (audited) £'000
Loss for the period	(1,033)	(574)	(1,084)
Other comprehensive income			
Items that are or may be subsequently reclassified to profit and loss:			
Currency translation movement arising on consolidation	(7)	-	(51)
Total comprehensive loss for the year	(1,040)	(574)	(1,135)

The notes below form part of this interim report.

Condensed consolidated statement of financial position

		As at 30 April 2026 (unaudited) £'000	As at 30 April 2025 (unaudited) £'000	As at 31 October 2025 (audited) £'000
	Note			
Non-current assets				
Intangible assets		959	1,082	1,072
Property, plant and equipment		1,556	1,811	1,764
Right-of-use assets		1,576	2,198	1,952
Total non-current assets		4,091	5,091	4,788
Current assets				
Inventories		1,937	2,374	2,099
Trade and other receivables		2,754	2,719	3,025
Cash and cash equivalents		656	1,165	392
Total current assets		5,347	6,258	5,516
Total assets		9,438	11,349	10,304
Current liabilities				
Loans		172	503	402
Trade and other payables		3,181	2,848	2,515
Obligations under lease liabilities		654	705	703
Provisions		85	-	79
Total current liabilities		4,092	4,056	3,699
Non-current liabilities				
Loans		11	231	95
Obligations under lease liabilities		905	1,469	1,192
Provisions		189	256	177
Total non-current liabilities		1,105	1,956	1,464
Total liabilities		5,197	6,012	5,163
Net assets		4,241	5,337	5,141
Equity attributable to equity holders of the company				
Share capital	5	137	135	137
Share premium		4,891	4,870	4,891
Share-based payments reserve		712	560	573
Translation reserve		(58)	-	(51)
Retained earnings		(1,441)	(228)	(409)
Total equity		4,241	5,337	5,141

The notes below form part of this interim report.

The financial statements were approved and authorised for issue by the Board of Directors on 23 June 2026 and were signed on its behalf by:

Rob Smith

Company Secretary Company Number: 06389233

Condensed consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Retained earnings £'000	Transfer reserve £'000	Share- based payments reserve £'000	Total equity £'000
As at 31 October 2024	134	4,870	345	-	517	5,866
Loss for the period	-	-	(574)	-	-	(574)
	134	4,870	(229)	-	517	5,292
Transactions with shareholders:						
Share-based payments	1	-	-	-	43	44
As at 30 April 2025	135	4,870	(229)	-	560	5,336
Loss for the period	-	-	(510)	(51)	-	(561)
	135	4,870	(739)	(51)	560	4,775
Transactions with shareholders:						
Share-based payments	2	21	330	-	13	366
As at 31 October 2025	137	4,891	(409)	(51)	573	5,141
Loss for the period	-	-	(1,033)	(7)	-	(1,040)
	137	4,891	(1,442)	(58)	573	4,101
Transactions with shareholders:						
Share-based payments	-	-	-	-	140	140
As at 30 April 2026	137	4,891	(1,442)	(58)	713	4,241

The notes below form part of this interim report.

Condensed consolidated statement of cash flows

	6 months ended 30 April 2026 (unaudited) £'000	6 months ended 30 April 2025 (unaudited) £'000	12 months ended 31 October 2025 (audited) £'000
Operating activities			
Loss for the period	(1,033)	(574)	(1,084)
Taxation	(26)	-	(137)
Loss on disposal of assets	-	16	-
Finance costs	138	177	340
Amortisation of intangible assets	168	140	310
Depreciation of property, plant and equipment	191	201	380
Depreciation of right-to-use assets	340	271	632
Share-based payments	140	43	386
Operating cash flows before movements in working capital	(82)	274	827
Decrease in trade and other receivables	271	1,128	933
Decrease in inventories	162	127	401
Increase / (Decrease) in trade and other payables	647	(1,084)	(1,339)
Increase in Provisions	18	38	38
Cash (outflow)/inflow from operations	1,016	483	860
Tax received	137	130	130
Net cash inflow from operating activities	1,153	613	990
Investing activities			
Purchase of property, plant and equipment	(51)	(206)	(334)
Purchase of development expenditure	(70)	(255)	(409)
Proceeds from disposal of property, plant and equipment	72	-	14
Net cash used in investing activities	(49)	(461)	(729)
Financing activities			
Finance costs paid	(138)	(177)	(340)
Loan repayment	(284)	(237)	(474)
Repayment of lease liabilities capital	(336)	(322)	(684)
Net cash used in financing activities	(758)	(736)	(1,498)
Net Increase in cash and cash equivalents	346	(584)	(1,237)
Cash and cash equivalents at beginning of period/year	392	1,663	1,663
Effect of foreign exchange rate changes	(82)	86	(34)
Cash and cash equivalents at end of period/year	656	1,165	392

Notes to Interim Report

1. General information

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

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 provision of supply chain management services and the sale of kits of composite raw material and related products to the aerospace industry.

The condensed consolidated interim financial statements are unaudited and do not constitute statutory financial statements within the meaning of Section 435 of the Companies Act 2006. The review report on these interim financial statements is set out below. The financial information for the year ended 31 October 2025 has been derived from the published statutory financial statements for the Company. A copy of the full accounts for that period, on which the auditor issued an unmodified report that did not contain statements under Section 498(2) or 498(3) of the Companies Act 2006, has been delivered to the Registrar of Companies.

These interim financial statements will be available from the Company's website at www.velocity-composites.com.

2. Accounting policies

Basis of preparation

These condensed consolidated interim financial statements are for the six months ended 30 April 2026. This interim financial report has been prepared in accordance with International Accounting Standard 34, in accordance with UK-adopted international accounting standards, and has been prepared using consistent accounting policies as applied in the Company's full year accounts to 31 October 2025 and as expected to be applied in the full year accounts to 31 October 2026. They have therefore been prepared in compliance with the measurement and recognition criteria of UK-adopted international accounting standards.

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

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

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

2. Accounting policies (continued)

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 affect the Group's ability to continue as a going concern include the use of existing resources and borrowing facilities to finance growth, investment and expenditure; the rate of revenue growth and cash generation; the timing of breakeven and positive cash-flow generation; and the ability to secure additional debt or equity finance in the future, should this become necessary. The primary area of judgment considered by the Board in the going concern assessment relates to revenue expectations.

Whilst recognising that all forecasts carry inherent uncertainty, the Board has sought to establish cash forecasts and projections that are sufficiently robust to support short- and medium-term decision-making. The Board's forecasting process includes only sales revenue from ongoing, contracted or new business where there is a high degree of confidence that it will be contracted within the forecast period. The Board concluded that its base cash model provides a reliable basis for the going concern assessment.

The Board was mindful of the guidance on assessing severe but plausible downside scenarios and therefore considered a number of cases involving lower revenue than originally planned. A reverse stress test was constructed to identify the point at which the Group might run out of available cash and facilities. The test was designed to show how far revenue would need to fall below the base case forecast and does not represent the Directors' view of current or expected trading. It was modelled over a 30-month period from the start of FY26 H2 to the end of FY28 and was based on forecast trading that reflected the contracted order book, existing customer revenue streams, and expected revenue based on management's assessment of current sales opportunities. Sales revenue in the budget model was reduced evenly across the Group to the point at which projected month-end cash reached zero during the test period. In the model, zero month-end cash was reached in August 2028 when projected sales revenue was reduced to 77.3% of budget. The reverse stress test excludes potential upsides, despite additional opportunities at both existing and new customers, and also excludes any mitigating reductions in the cost base that the Board would consider in these circumstances. In all scenarios modelled, the Group has sufficient resources to operate and meet its liabilities throughout the review period up to the point at which the reverse stress test is reached, without including the impact of mitigating actions.

At 30 April 2026, the Group had a cash balance of £656k, was undrawn on its invoice discounting facility and outstanding CBILs of £183k.

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 its present and foreseeable obligations for a period of at least 12 months from the approval of these financial statements.

3. Segmental analysis

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

	6 months ended 30 April 2026 (unaudited) £'000	6 months ended 30 April 2025 (unaudited) £'000	12 months ended 31 October 2025 (audited) £'000
Revenue			
United Kingdom	5,686	6,878	14,037
Rest of Europe	18	14	20
US	2,716	3,521	6,612
Rest of World	19	29	32
	<u>8,439</u>	<u>10,442</u>	<u>20,701</u>

Four customers of the Group are responsible for over 90% (H1 2025: 89%) of the total revenue in each of the periods presented. The majority of revenue arises from the sale of goods. Where engineering services form a part of revenue it is only in support of the development or sale of the goods.

This was split as follows: Customer A – 24.4% (H1 2025: 23.5%), Customer B – 28.4% (H1 2025: 25.9%), Customer C – 5.9% (H1 2025: 5.8%), Customer D – 32.2% (H1 2025: 33.7%).

4. Reconciliation of reported earnings per share

	6 months ended 30 April 2026 (unaudited) £'000	6 months ended 30 April 2025 (unaudited) £'000	12 months ended 31 October 2025 (audited) £'000
Loss for the period/year	<u>(1,033)</u>	<u>(574)</u>	<u>(1,084)</u>
Weighted average number of shares	Shares	Shares	Shares
Weighted average number of shares in issue	54,669,371	53,865,028	54,157,848
Weighted average number of share options	3,678,713	2,176,044	3,691,785
Weighted average number of shares (diluted)	<u>58,348,084</u>	<u>56,041,072</u>	<u>57,849,633</u>

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

	6 months ended 30 April 2026 (unaudited)	6 months ended 30 April 2025 (unaudited)	12 months ended 31 October 2025 (audited)
Loss per share			
Basic & Diluted	<u>(1.89p)</u>	<u>(1.27p)</u>	<u>(2.00p)</u>

5. Share capital of the Company

	Number of shares	Share capital £	Share premium £
Share capital issued and fully paid			
Balance as at 31 October 2024	53,509,706	133,775	4,870,352
Ordinary shares of £0.0025 each issued 24 December 2024	486,660	1,209	-
Ordinary shares of £0.0025 each issued 28 March 2025	17,000	43	-
Ordinary shares of £0.0025 each issued 29 April 2025	37,500	94	-
Balance as at 30 April 2025	54,047,866	135,121	4,870,352
Ordinary shares of £0.0025 each issued 12 May 2025	17,338	43	-
Ordinary shares of £0.0025 each issued 7 July 2025	604,167	1,510	-
Balance as at 31 October 2025	54,669,371	136,674	4,870,352
Share movement in H1 2026	-	-	-
Balance as at 30 April 2026	54,669,371	136,674	4,870,352

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