UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO SECTION 13A-16 OR 15D-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of September 2024

Commission File Number: 001-41169

Vertical Aerospace Ltd.
(Exact Name of Registrant as Specified in Its Charter)

Unit 1 Camwal Court, Chapel Street
Bristol BS2 0UW
United Kingdom
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

INFORMATION CONTAINED IN THIS REPORT ON FORM 6-K

On September 17, 2024, Vertical Aerospace Ltd. (the "Company") issued a press release announcing its financial results for the six month ended June 30, 2024, a copy of which is furnished as Exhibit 99.1 hereto.

Financial Results

The Company's operating and financial review and prospects with respect to the six months ended June 30, 2024 and unaudited condensed consolidated interim financial statements for the six months ended June 30, 2024 and related notes thereto are attached as Exhibits 99.2 and 99.3, respectively, to this Report on Form 6-K. This Report on Form 6-K also attaches Exhibit 101, which contains Interactive Data File disclosure in accordance with Rule 405 of Regulation S-T.

Director Appointments

On September 16, 2024, upon recommendation of the Nominating and Corporate Governance Committee of the Board, the Board appointed Vincent Casey to serve as a director of the Company, effective immediately.

Mr. Casey rejoins the Board as a non-executive director, having previously served as a member of the Board from May 2021 to August 2023 and as the Company's Chief Financial Officer from November 2020 to February 2023. Mr. Casey is currently the Chief Financial Officer at Ovo Energy, a leading energy supply group that includes one of Europe's largest independent energy retailers, a company he joined in 2013. He started his career at PricewaterhouseCoopers in their corporate finance team. Mr. Casey has a first class masters in Mechanical Engineering from University of Southampton and is a Chartered Financial Analyst.

Forward-Looking Statements

This Report of Foreign Private Issuer on Form 6-K (the "Form 6-K") contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any express or implied statements contained in this Form 6-K that are not statements of historical fact may be deemed to be forward-looking statements, including, without limitation, statements regarding anticipated Board changes, as well as statements that include the words "expect," "intend," "plan," "believe," "project," "forecast," "estimate," "may," "should," "anticipate," "will," "aim," "potential," "continue," "is/are likely to" and similar statements of a future or forward-looking nature. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual outcomes may dif er materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the important factors discussed under the caption "Risk Factors" in the Company's Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission ("SEC") on March 14, 2024, as such factors may be updated from time to time in the Company's other filings with the SEC. Any forward-looking statements contained in this Form 6- K speak only as of the date hereof and accordingly undue reliance should not be placed on such statements. the Company disclaims any obligation or undertaking to update or revise any forward-looking statements contained in this Form 6-K, whether as a result of new information, future events or otherwise, other than to the extent required by applicable law.

INCORPORATION BY REFERENCE

Exhibits 99.2, 99.3 and Exhibits 101.INS, 101.SCH, 101.CAL, 101.LAB, 101.PRE and 101.DEF to this Report on Form 6-K are hereby incorporated by reference into the Company's Registration Statement on Form F-3 (File No. 333-270756 and File No. 333-275430) (including any prospectuses forming a part of such registration statements) and to be a part thereof from the date on which this Report on Form 6-K is filed, to the extent not superseded by documents or reports subsequently filed or furnished.

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press release of Vertical Aerospace Ltd. dated September 17, 2024
99.2	Operating and financial review and prospects with respect to the six months ended June 30, 2024
99.3	Unaudited condensed consolidated interim financial statements for the six months ended June 30, 2024
101.INS	Inline XBRL Instance Document - the Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Linkbase Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

	VERTICAL AEROSPACE LTD.
Date: September 17, 2024	By: /s/ Stuart Simpson
	Stuart Simpson
	Chief Executive Officer

Exhibit 99.1

Vertical Aerospace Announces First Half-Year 2024 Financial Results

Vertical Issues Shareholder Letter

London, UK & New York, USA | 17 September 2024 – Vertical Aerospace Ltd. ("Vertical" or the "Company") (NYSE: EVTL; EVTLW), a global aerospace and technology company that is pioneering zero emission aviation, announces its financial results for the first half of the year ended June 30, 2024. Vertical has also issued a shareholder letter in conjunction with the filing of its first half-year results, which is posted to its investor relations website at investor.vertical-aerospace.com.

Stuart Simpson, CEO at Vertical, said:

"During the past few months we have delivered our most advanced full-scale VX4 prototype, have gone from first powered ground test to 'wheels up' in just one week and completed the first phase of our piloted test flight programme. Every day I continue to be deeply impressed by the phenomenal engineers we have and the progress we are making here in Bristol as we build a new generation of aviation. This could not be a more exciting time to follow Vertical as we accelerate through our piloted flight tests and work closely with the UK Civil Aviation Authority, our home regulator, on the path to certification."

First Half-Year 2024 and Recent Operational Updates

- **Flight tests of new VX4 prototype:** Vertical unveiled its next full-scale VX4 prototype in July and began piloted flight tests days later, following the UK Civil Aviation Authority (CAA) issuing a Permit to Fly. This more advanced aircraft has 60% of its technology from tier-one aerospace partners, up from 10% on the previous prototype, marking a significant step towards the final certification aircraft. This is also the first use of Vertical's proprietary batteries, designed and developed at the Vertical Energy Centre, in a piloted aircraft. Vertical's new proprietary propellers designed specifically for eVTOLs are optimised for low noise and made of carbon fibre composite using a single-shot cure process to maximise integrity.

  The VX4 recently completed Phase 1 of the piloted test flight programme. During Phase 1, the VX4 prototype conducted multiple piloted tethered flights and ground runs, across 20 piloted test sorties, completing a total of 70 individual test points, measuring 35,000 flight and system parameters. Vertical is now preparing to progress to piloted untethered thrustborne testing, as soon as it receives permission from the CAA. The flight tests have already shown the aircraft's incredible stability – particularly in ground effect, typically one of the most challenging flight conditions.

- **Certification Progress:** The CAA expanded the scope expanded the scope of Vertical's Design Organisation Approval (DOA), which is a requirement for the Type Certification of the VX4 and its entry into service. At the same time, there has been strong regulatory collaboration, with the European Union Aviation Safety Agency (EASA) and the CAA agreeing how they will work together on the certification of the VX4.

- **Go To Market:** At the Farnborough International Airshow, the team met existing and prospective customers, investors, suppliers, regulators and government agencies, who were able to explore the new prototype using a unique Apple Vision Pro experience. Vertical also brought its customers together in London for their Pioneers event in Q2 to bring them up to speed on the latest developments and hear their feedback.

In August, the UK Ministry of Defence (MOD) accepted Vertical's application to join their Uncrewed Air Systems Heavy Lift Challenge framework. The aim of this £95m framework is to define capabilities and test solutions for the Royal Navy for non-weaponised cargo drone operations, with a special focus on ship-to-shore and ship-to-ship missions. Acceptance onto this framework means Vertical can participate in tenders issued by the Royal Navy, facilitating Vertical's access to R&D funding, development support and in particular, the collaboration across the Uncrewed Air System community that membership of Defence Equipment & Support's Heavy Lift Capability Framework provides.

- **Our People:** Vertical continues to attract world-class aerospace professionals, including, Martyn Ashford, Head of Aircraft Programmes Development from Leonardo. It also appointed Ben Story to the Board of Directors as an independent non-executive director and Charlotte Cowley as Director of Strategic Finance responsible for executing Vertical's fundraising strategy. Ben was formerly Strategic Marketing Director at FTSE 100 Rolls-Royce plc and, before that, Managing Director at Citi. Charlotte has previously led Investor Relations for the FTSE100 Burberry Group plc, and FTSE250 Aston Martin Lagonda plc, where she supported successful capital raises. In May 2024, Stuart Simpson, formerly Vertical's CFO and a seasoned FTSE100 executive, was appointed as CEO to lead the company through the pivotal phase of certifying and commercializing its VX4 aircraft. Stephen Fitzpatrick, founder, majority shareholder and former CEO of Vertical, remains on Vertical's board of directors as a non-executive director, focusing on business strategy and the delivery of the company's vision.

  In September 2024, Vincent Casey was appointed to rejoin the Vertical Board as a Non-Executive Director, having previously served as a member of the board of directors from May 2021 to August 2023 and as Vertical's Chief Financial Officer from November 2020 to February 2023. Vincent is currently the Chief Financial Officer at Ovo Energy, a leading energy supply group that includes one of Europe's largest independent energy retailers, a company he joined in 2013.

First Half-Year 2024 and Recent Financial Updates

- Vertical maintained its industry-leading capital efficiency with an H1 2024 operating loss of £20 million ($25 million). The operating loss for the period primarily reflects the spend to successfully complete Vertical's second full-scale prototype aircraft.

- In May 2024, Vertical mutually agreed to exit Rolls-Royce's contract to design an Electric Propulsion Unit (EPU). Under the agreement, Vertical received $34 million from Rolls-Royce which is expected to cover the anticipated costs of an alternative EPU design contract and provided an extension to the cash runway. This followed Rolls-Royce's announcement in November 2023 of its intention to seek a partner or buyer for its advanced air mobility activities. Vertical is already working with other EPU suppliers and does not anticipate this having any impact on the completion of their prototypes.

- Over the half, Vertical was awarded an £8 million ($10 million) UK Government grant from the Aerospace Technology Institute (ATI) for its next-generation propeller development. Vertical also received a cash amount of $25 million from Imagination Aero Investments Ltd., a company owned by Vertical founder, Stephen Fitzpatrick, in connection with an investment agreement dated February 22, 2024 (the "Investment Agreement"). Vertical is in discussion with regards to the second $25 million tranche of the investment committed under the Investment Agreement, which remains outstanding.

Financial Outlook

- As of June 30, 2024, Vertical had cash and cash equivalents of £67m / $84m.
- The 2024 capital plan continues to remain on track, with net cash outflows from operations in the second half of the year expected to be between £40m to £45m.
- Net cash outflows incurred in the second half of the year will be in relation to the advancement of Vertical's piloted flight test programme.
- As of the date of this report, Vertical had approximately £48m / $63m of cash and cash equivalents on hand.
- As previously announced, Vertical will need to raise capital to fund its future operations and remain as a going concern. Vertical intends to do so and are in discussions regarding potential third party investment. The timely receipt of an amount equal or equivalent to the second tranche committed under the Investment Agreement is required to extend its projected cash runway into the third quarter of 2025 (from the second quarter of 2025).
- On September 16, 2024, following the requisite shareholder approvals at Vertical's Annual General Meeting earlier on the same day, Vertical's Board of Directors authorised the implementation of a reverse share split at a ratio of 1 for 10, with an effective date of September 20, 2024.

The above forward-looking statements reflect our expectations for the six months ending June 30, 2024, as of September 17, 2024, and are subject to substantial uncertainty. Our results are based on assumptions that we believe to be reasonable as of this date, but may be materially affected by many factors, as discussed below in "Forward-Looking Statements."

About Vertical Aerospace

Vertical Aerospace is a global aerospace and technology company pioneering electric aviation.

Vertical is creating a safer, cleaner and quieter way to travel. Vertical's VX4 is a piloted, four passenger, Electric Vertical Take-Off and Landing (eVTOL) aircraft, with zero operating emissions. Vertical combines partnering with leading aerospace companies, including GKN, Honeywell and Leonardo, with developing its own proprietary battery and propeller technology to create the world's most advanced and safest eVTOL.

Vertical has 1,500 pre-orders of the VX4 worth $6bn, with customers across four continents, including Virgin Atlantic, American Airlines, Japan Airlines, GOL and Bristow. Headquartered in Bristol, the epicentre of the UK's aerospace industry, Vertical was founded in 2016 by Stephen Fitzpatrick, founder of the OVO Group, Europe's largest independent energy retailer.

Vertical's experienced leadership team comes from top tier automotive and aerospace companies such as Rolls-Royce, Airbus, GM and Leonardo. Together they have previously certified and supported over 30 different civil and military aircraft and propulsion systems.

For more information:

Justin Bates, Head of Communications

Justin.bates@vertical-aerospace.com

+44 7878357463

Samuel Emden, Head of Investor Affairs

Samuel.emden@vertical-aerospace.com

+447816 459 904

Vertical Media Kit

Available here.

Unaudited Condensed Consolidated Interim Statements of Income and Comprehensive Income

	H1'2024 £ 000	H1'2023 £ 000
Research and development expenses	(31,951)	(27,500)
Administrative expenses	(20,710)	(24,266)
Related party administrative expenses	(42)	(42)
Other operating income	32,763	2,861
Operating loss	**(19,940)**	**(48,947)**
Finance income	7,397	32,333
Finance costs	(11,026)	(8,140)
Net finance income/(costs)	(3,629)	24,193
Loss before tax	**(23,569)**	**(24,754)**
Income tax expense	6,448	12,984
Net loss for the period	**(17,121)**	**(11,770)**
Foreign exchange translation differences	1,162	(6,922)
Total comprehensive loss for the period	**(15,959)**	**(18,692)**

Unaudited Condensed Consolidated Interim Statement of Cashflows

	H1'2024 £ 000	H1'2023 £ 000
Cash flows from operating activities		
Net loss for the period	(17,121)	(11,770)
Adjustments to cash flows from non-cash items:		
Depreciation and amortization	1,094	990
Depreciation on right of use assets	326	327
Finance costs/(income)	3,629	(24,193)
Share based payment transactions	4,785	7,056
Income tax credit	(6,448)	(12,984)
Non-cash gain (settled in treasury shares)	(803)	—
	(14,538)	(40,574)
Working capital adjustments:		
(Decrease)/increase in trade and other receivables	(3,035)	802
Increase/(decrease) in trade and other payables	84	(4,603)
Income taxes received	15,838	11,319
Net cash outflow from operating activities	(1,651)	(33,056)
Cash flows from investing activities		
Decrease in financial assets at amortized cost	—	59,886
Acquisitions of property plant and equipment	(391)	(1,304)
Acquisition of intangible assets	—	(73)
Interest income on deposits	1,168	2,337
Net cash inflow from investing activities	777	60,846
Cash flows from financing activities		
Proceeds from issue of shares	—	180
Proceeds from issue of shares to related party	15,629	—
Proceeds from issue of warrants to related party	3,907	—
Payments to lease creditors	(396)	(349)
Net cash (outflow) from financing activities	19,140	(169)
Net increase/(decrease) in cash at bank	18,266	27,621
Cash at bank as at January 1	48,680	62,927
Effect of foreign exchange rate changes	(160)	(855)
Cash at bank as at June 30	66,786	89,693

Unaudited Condensed Consolidated Interim Statement of Financial Position

	H1'2024 £ 000	H1'2023 £ 000
Non-current assets		
Property, plant and equipment	3,653	3,821
Right of use assets	2,128	2,453
Intangible assets	481	1,018
	6,262	7,292
Current assets		
Trade and other receivables	20,058	26,413
Restricted cash	1,700	1,700
Cash and cash equivalents	66,786	48,680
	88,544	76,793
Total assets	94,806	84,085
Equity		
Share capital	17	17
Other reserve	97,254	86,757
Treasury share reserve	(803)	—
Share premium	273,824	257,704
Accumulated deficit	(412,373)	(394,257)
Total equity	(42,081)	(49,779)
Non-current liabilities		
Lease liabilities	1,748	1,977
Provisions	327	256
Derivative financial liabilities	112,770	109,291
Trade and other payables	3,955	3,922
	118,800	115,446
Current liabilities		
Lease liabilities	558	643
Warrant liabilities	610	907
Trade and other payables	16,919	16,868
	18,087	18,418
Total liabilities	136,887	133,864
Total equity and liabilities	94,806	84,085

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 that relate to our current expectations and views of future events. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements as contained in Section 27A of the Securities Act and Section 21E of the Exchange Act. Any express or implied statements contained in this press release that are not statements of historical fact may be deemed to be forward-looking statements, including, without limitation, statements regarding the design and manufacture of the VX4, our future results of operations and financial position and expected financial performance and operational performance, liquidity, growth and profitability strategies, business strategy and plans and objectives of management for future operations, including the building and testing of our prototype aircrafts on timelines projected, selection of suppliers, certification and the commercialization of the VX4 and our ability to achieve regulatory certification of our aircraft product on any particular timeline or at all, our ability and plans to raise additional capital to fund our operations, including as a result of any ongoing or future discussions with potential investors, statements regarding receipt of the committed funding from Company's founder and majority owner, our plans to mitigate the risk that we are unable to continue as a going concern, our plans for capital expenditures, the expectations surrounding pre-orders and commitments, the features and capabilities of the VX4, the transition towards a net-zero emissions economy, as well as statements that include the words "expect," "intend," "plan," "believe," "project," "forecast," "estimate," "may," "should," "anticipate," "will," "aim," "potential," "continue," "are likely to" and similar statements of a future or forward-looking nature. Forward-looking statements are neither promises nor guarantees, but involve known and unknown risks and uncertainties that could cause actual results to differ materially from those projected, including, without limitation: our limited operating history without manufactured non-prototype aircraft or completed eVTOL aircraft customer order; our potential inability to raise additional funds when we need or want them, or at all, to fund our operations; our limited cash and cash equivalents and recurring losses from our operations raise significant doubt (or raise substantial doubt as contemplated by PCAOB standards) regarding our ability to continue as a going concern; our potential inability to produce or launch aircraft in the volumes or timelines projected; the potential inability to obtain the necessary certifications for production and operation within any projected timeline, or at all; the inability for our aircraft to perform at the level we expect and may have potential defects; our history of losses and the expectation to incur significant expenses and continuing losses for the foreseeable future; the market for eVTOL aircraft being in a relatively early stage; any accidents or incidents involving eVTOL aircraft could harm our business; our dependence on partners and suppliers for the components in our aircraft and for operational needs; the potential that certain strategic partnerships may not materialize into long-term partnership arrangements; all of the pre-orders received are conditional and may be terminated at any time and any pre-delivery payments may be fully refundable upon certain specified dates; any circumstances; any potential failure to effectively manage our growth; our inability to recruit and retain senior management and other highly skilled personnel; we have previously identified material weaknesses in our internal controls over financial reporting which if we fail to properly remediate, could adversely affect our results of operations, investor confidence in us and the market price of our ordinary shares; as a foreign private issuer we follow certain home country corporate governance rules, are not subject to U.S. proxy rules and are subject to Exchange Act reporting obligations that, to some extent, are more lenient and less frequent than those of a U.S. domestic public company; and the other important factors discussed under the caption "Risk Factors" in our Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission ("SEC") on March 14, 2024, as such factors may be updated from time to time in our other filings with the SEC. Any forward-looking statements contained in this press release speak only as of the date hereof and accordingly undue reliance should not be placed on such statements. We disclaim any obligation or undertaking to update or revise any forward-looking statements contained in this press release, whether as a result of new information, future events or otherwise, other than to the extent required by applicable law.

Exhibit 99.2

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion and analysis of the financial condition and results of operations of Vertical Aerospace Ltd. ("our", "we" or the "Company") should be read in conjunction with our unaudited condensed consolidated interim financial statements and the related notes included elsewhere in this filing, as well as our audited consolidated financial statements and the related notes included in our Annual Report on Form 20-F for the year ended December 31, 2023 (the "Annual Report"). The following discussion is based on our financial information prepared in accordance with International Financial Reporting Standards, ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the "Forward-Looking Statements" section of this filing and in the "Risk Factors" section of our Annual Report. Our actual results could differ materially from those contained in any forward-looking statements.

Overview

Our purpose is to revolutionize the way we travel in a more sustainable world. We are a global aerospace and technology company that is pioneering electric aviation, focused on designing, manufacturing and selling a zero operating emission electric vertical takeoff and landing ("eVTOL") aircraft for use in the advanced air mobility ("AAM") market, using the cutting-edge technology from the aerospace, automotive and energy industries.

Founded in 2016, we come from a deep aerospace and automotive mindset and have already designed, built and flown two sub-scale prototype eVTOL aircraft in 2018 and 2019. We are currently developing, and are progressing towards the certification of, our flagship eVTOL, the VX4. Our first full-scale VX4 prototype successfully concluded its remote thrustborne flight test campaign in August 2023. Our second full-scale VX4 prototype was assembled in July 2024 and has begun its piloted flight test program which we intend to include the aircraft's full flight envelope – conventional and vertical take-off and landing and transition flight. This more advanced prototype includes much of our strategic partners' technology that we plan to incorporate into our final certification aircraft. We are targeting the VX4 to be capable of transporting a pilot and up to four passengers, traveling distances of up to 100 miles, and achieving cruise speeds of 150 mph, while producing minimal noise and zero operating emissions.

The VX4 aircraft is being designed around existing certifiable technology, as well as certain novel technology such as the batteries and powertrain. Collectively, our experienced team has previously certified and supported the development of over 30 aircraft and propulsion systems around the world. We are currently one of the only eVTOL designers and original equipment manufacturers ("OEMs") actively pursuing certification from the United Kingdom's Civil Aviation Authority (the "CAA") and the European Union Aviation Safety Agency ("EASA") with a winged vehicle. We aim to have our aircraft certified to safety targets the same as those to which large commercial airliners are subject, based on standards that are 100 times safer than those applicable to small single engine helicopters. EASA and the CAA have also agreed how they will collaborate on the certification of Vertical's VX4, under the technical implementation procedures agreed as part of the UK's withdrawal from the European Union. While both regulators have been working closely already, this sets the foundations for their certification experts to apply common standards and work together towards concurrent certification and validation of the VX4 by both authorities. In 2023, the CAA announced its intention to adopt EASA's Means of Compliance to SC- VTOL, the standards against which European and UK manufacturers design eVTOLs. By achieving certification of our VX4 eVTOL aircraft from the CAA and EASA, we expect to leverage the work done with our home regulator to have the certification validated by other regulators where we intend to operate, including the United States Federal Aviation Authority (the "FAA"), Brazil's National Civil Aviation Agency ("ANAC") and Japan Civil Aviation Bureau ("JCAB").

In March 2023, the CAA issued an eVTOL Design Organisation Approval ("DOA") to our wholly-owned subsidiary, Vertical Aerospace Group Limited ("VAGL"), the scope of which was expanded in July 2024, as discussed further below. UK and European aerospace companies cannot hold a type certificate, necessary for entry into service, without being granted a DOA. The DOA authorizes VAGL to conduct design activities and issue design approvals within the DOA's scope of approval.

We are developing a sophisticated eVTOL ecosystem that allows us to focus on providing a high-quality experience. Our in-house expertise covers design, certification, assembly and manufacture, pilot experience, end-user experience and base platform performance. We aim to be one of the leading eVTOL aircraft OEMs, selling globally certified eVTOL aircraft to a variety of customers, including, commercial airlines, aircraft leasing companies, business aviation, tourism groups, mobility platforms and existing helicopter operators as well as new operators in the AAM market, providing both OEM sales and aftermarket services to our customers. We also believe there is a potential market to provide OEM sales to a variety of industries beyond traditional airline and helicopter customers, such as tourism, where there is an opportunity to replace existing transportation options like minibuses, and the cargo and logistics industry, where there is potential to partner with global logistics firms and large retail customers. There is a further opportunity to generate revenue from other sectors such as emergency services, as eVTOL aircraft can be used for emergency patient and supplies transport, particularly in densely populated areas or military logistics transport, among other potential uses. We plan to explore the potential development of versions of the VX4 for such scenarios. Our strategy is to forge partnerships in key markets with partners that have existing demand and are local trusted brands with market-specific knowledge. We believe that by partnering with such market players, we can extend their business models and build a market ecosystem that will allow us to expand our proposition over time. Our focus on system integration and establishment of an industrial supply chain is expected to enable rapid scaling of production of our aircraft.

The Business Combination

On June 10, 2021, we entered into a business combination agreement with Broadstone Acquisition Corp. (“Broadstone”), which was consummated on December 16, 2021 (the “Business Combination”). The Business Combination had a significant impact on our capital structure and operating results, helping to facilitate our product development, manufacturing and commercialization. The most significant change in our reported financial positions was a net increase in cash (as compared to our consolidated balance sheet at June 30, 2021) of approximately $286 million. As a result of the Business Combination, we became a U.S. public company listed on the New York Stock Exchange, which required us to hire additional personnel and implement procedures and processes to address public company regulatory requirements and customary practices. We have incurred, and expect to continue to incur, additional annual expenses as a public company for, among other things, directors’ and officers’ liability insurance, director fees and additional internal and external accounting, legal and administrative resources.

Recent Developments

2024 Annual General Meeting / Reverse Share Split

On September 16, 2024, the Company held its annual general meeting of shareholders (“AGM”) at which, among other proposed business, the following were approved: (A) a proposal to increase the authorized share capital and number of authorized shares of the Company from (a) US$60,000, divided into 500,000,000 ordinary shares of a par value of US$0.0001 each and 100,000,000 preferred shares of a par value of US$0.0001 each, to (b) US$110,000 divided into 1,000,000,000 ordinary shares of par value of US$0.0001 each and 100,000,000 preferred shares of a par value of US$0.0001 each (the “Authorized Shares Amendment”), and (B) a proposal for a reverse share split and consolidation of the Company's ordinary shares. The results of the AGM can be found on the Company’s current report on Form 6-K filed on September 16, 2024. The principal reason for the Authorized Shares Amendment is to ensure that there is a sufficient number of ordinary shares in reserve to satisfy the Company’s current contingent obligations to issue ordinary shares as well as its anticipated short to medium-term share issuance goals, which will provide the Company with increased flexibility in meeting future corporate needs and requirements. The principal reason for the Reverse Share Split is to increase the per share trading price of our ordinary shares in order to help ensure a share price at a level sufficient to satisfy the $1.00 per share minimum average closing price requirement for continued listing on the NYSE, although there can be no assurance that the trading price of our ordinary shares would be maintained at such level or that we will be able to maintain the listing of our ordinary shares on the NYSE. On September 16, 2024, following such AGM, the Company’s board of directors (the “Board”) authorized the implementation of the reverse share split at a ratio of 1 for 10, to be effective date as of 4:01 p.m. (Eastern Time) on September 20, 2024 (the “Reverse Share Split”).

Operational Developments

In July 2024, we announced that the CAA expanded the scope of our DOA. The scope extension enables our engineers to sign off compliance of an expanding range of technical areas, including additional aspects of flight control, avionics and electrical systems. By enhancing our capacity to carry out certification activities, we expect to streamline the overall certification process.

At the same time, EASA and the CAA established a collaborative framework for the certification of Vertical’s VX4, in accordance with the technical implementation procedures agreed upon following the UK’s withdrawal from the European Union. While both regulators have already been working closely, this agreement sets the foundations for their certification experts to apply common standards and work together towards the concurrent certification and validation of the VX4 by both authorities.

In July 2024, we completed the build of our second more advanced full-scale VX4 prototype. This prototype is more powerful and incorporates additional technology from our partners that we expect to implement into our certification aircraft. The aircraft has been designed and built in collaboration with our global aerospace partners, including GKN Aerospace, Honeywell, Hanwha, Molicel, Leonardo and Syensqo, and features our next generation propellers and new proprietary battery technology, designed and manufactured at our Vertical Energy Centre. The CAA issued a Permit to Fly in July 2024 following a rigorous evaluation of the engineering, design, test data and aircraft, and we have begun our piloted flight test campaign, completing our first tethered piloted flight in July 2024. In September, the latest VX4 completed the first phase of its piloted flight test program at the Vertical Flight Test Centre. During phase one, the VX4 prototype conducted multiple piloted tethered flights and ground runs, across 20 piloted test sorties, completing a total of 70 individual test points. We are now preparing to progress to piloted untethered thrustborne testing, as soon as we receive permission from the CAA, followed by piloted wingborne testing. The final critical test stage of piloted transition flight will follow once the CAA's rigorous approval for this final phase of testing has been granted.

In May 2024, we and Rolls-Royce mutually agreed to exit Rolls-Royce's contract to design an Electric Propulsion Unit (EPU). Pursuant to the agreement, we received $34 million from Rolls-Royce which is expected to cover the anticipated costs of an alternative EPU design contract and provide an extension to our cash runway. This followed Rolls-Royce's announcement in November 2023 of its intention to seek a partner or buyer for its advanced air mobility activities. We are already working with other EPU suppliers and do not anticipate any impact on the completion of our prototypes or certification timelines. In addition, the agreement also included the transfer back to the Company of the Company's ordinary shares held by Rolls-Royce, which it initially acquired as a private investment in public equity (PIPE) investor in 2021.

Leadership Appointments

Vertical also made a series of leadership appointments. In May 2024, Stuart Simpson, formerly Vertical's CFO and a seasoned FTSE100 executive, was appointed as CEO to lead the Company through the pivotal phase of certifying and commercializing its VX4 aircraft. Stephen Fitzpatrick, founder, director and majority shareholder of Vertical, remains on the Board as a non-executive director, focusing on business strategy and the delivery of the Company's vision.

In September 2024, Vincent Casey was appointed to rejoin the Board as a non-executive director, having previously served as a member of the Board from May 2021 to August 2023 and as the Company's Chief Financial Officer from November 2020 to February 2023. Mr. Casey is currently the Chief Financial Officer at Ovo Energy, a leading energy supply group that includes one of Europe's largest independent energy retailers, a company he joined in 2013. He started his career at PricewaterhouseCoopers in their corporate finance team. Mr. Casey has a first class masters in Mechanical Engineering from University of Southampton and is a Chartered Financial Analyst.

In June 2024, Ben Story, was appointed to the Board as an independent non-executive director. Mr. Story brings 30 years of experience in fundraising, business strategy and leadership from his roles at Rolls-Royce, Citi and Transport for London. Mr. Story has joined the Company's Compensation Committee, serving as its chair, and has joined the Company's Audit Committee.

In addition, Charlotte Cowley joined Vertical's senior leadership team in June 2024 as Director of Strategic Finance. Ms. Cowley is responsible for executing Vertical's fundraising strategy, and brings over 20 years of experience in banking and investor relations. She has previously led Investor Relations for FTSE100 Burberry Group plc, and FTSE250 Aston Martin Lagonda plc, where she supported successful capital raises.

Shareholder Requisition

On September 17, 2024, the Company announced that it has received a shareholders' requisition dated August 30, 2024, issued by Stephen Fitzpatrick, in his capacity as the holder of greater than 10.0% of the ordinary shares issued and outstanding of the Company, requesting the directors of the Company to convene an Extraordinary General Meeting ("EGM") for the sole purpose of considering and, if thought fit, passing a number of resolutions to amend the Company's Amended and Restated Memorandum and Articles of Association. Among other things, the proposed amendments would remove the requirement for any of the directors Mr. Fitzpatrick is entitled to appoint under the Articles to be independent (subject to NYSE minimum independence requirements), and introduce a right for shareholders of the Company holding a majority of the issued and outstanding ordinary shares to remove any director by written instruction. The Company announced that it would be convening the EGM at 10:00 a.m. (GMT) on September 30, 2024 at the offices of the Company located in Bristol, United Kingdom.

Key Factors Affecting Operating Results

Prototype Flights Tests

In September 2022, following a series of rigorous ground-based tests, including lift, vibration and propeller thrust, our first full-scale VX4 prototype started flight tests. By August 2023, operating under CAA approvals, this prototype had successfully completed a thrustborne flight test campaign (including lifting, hovering, flying and landing vertically, by the thrust of the aircraft's propulsion system). The flight tests included numerous hovers, both tethered (with a pilot) and untethered, expanding the low-speed flight envelope under remotely piloted conditions and powered by our proprietary battery systems.

On August 9, 2023, following the completion of our remote thrustborne flight test campaign, we conducted further uncrewed flight tests of the VX4 prototype aircraft under stress scenarios before its planned retirement, to understand how the aircraft would perform outside of its expected operating conditions. During one of these further flight tests, an unexpected fault occurred, causing the aircraft to enter into a stable descent before being damaged on impact with the ground. We completed a swift and thorough investigation and submitted a report to the Air Accidents Investigation Branch (AAIB). Both the AAIB's and our reports concluded that the primary cause of the accident was due to an adhesive bond failure of a propeller blade. We had already redesigned the early generation propeller prior to the accident and are no longer using the same supplier.

We have now completed the build of our second full-scale prototype VX4, and phase one of our piloted test flight program. Phase one included tethered flights, ground taxi testing and high-powered ground runs, all with a pilot on board. We are now preparing to progress to piloted untethered thrustborne testing, as soon as we receive permission from the CAA. This aircraft incorporates the findings of tests conducted on our first full-scale prototype and integrates advancements in both our partners' and our own in-house technology. During the next stages in our flight test program, we expect to conduct piloted flights at increasing altitudes and speeds. We are also currently developing an identical third full-scale prototype which will accelerate the VX4's flight test program and demonstration capability.

Prototype flight tests are a critical factor affecting the operating results of the Company. These tests provide essential data and insights that inform the design, safety, and performance of our aircraft. Successful flight tests validate our technological advancements and regulatory compliance, which are crucial for progressing towards certification and commercialization. Conversely, any material setbacks or delays in the flight test program can impact our timelines, costs, and investor confidence.

Commercialization

We have deployed a sales strategy engaging in direct sales to operator customers and thirdparty distribution networks. Our salesforce has identified and targeted key prospects from a pool of over 5,000 airlines with ICAO codes worldwide that are seeking to capitalize on the growth of the AAM market. As part of this approach, we have entered into arrangements with several commercial partners for multiple preorders and preorder options for our aircraft. Customers include American Airlines, Virgin Atlantic, Avolon, Bristow, Marubeni, Kakao Mobility, Iberojet, FLYINGGROUP as well as (through Avolon's VX4 placements) Japan Airlines (JAL), Gol, Gözen Holdings and AirAsia. Marubeni has made a pre-delivery payment to reserve delivery slots for the first 25 VX4 aircraft of its conditional pre-order of up to 200 aircraft. In addition, American Airlines has committed to pay a predelivery payment in exchange for our commitment to reserve delivery slots for the first 50 VX4 aircraft of American Airline's conditional preorder of 250 aircraft (and pre-order option for a further 100 aircraft). This pre-delivery payment is subject to the satisfaction of certain conditions, including the entering into a master purchase agreement that will contain the final terms for the purchase of the aircraft. All such preorders, options and commitments are not legally binding, are conditional and may be terminated without penalty at any time by either party and any pre-delivery payments may be fully refundable upon certain circumstances.

Development of the Advanced Air Mobility Market

We believe that deploying a new type of aerial mobility network in and between cities represents an extensive market opportunity that we expect to expand over time. We intend to seize on the untapped demand for getting into and out of city centers globally, as certain existing travel methods can be impractical, inconvenient or unaffordable. Our long-term financial performance ultimately depends on the demand for such short distance aerial transportation and the growth of the AAM market. We, and the eVTOL sector more generally, seek to displace the current incumbents by taking market-share and/or benefitting from the incremental growth in demand.

There are two critical factors that will enable us to secure a prominent position in the AAM market: firstly, our ability to develop, certify and manufacture our aircraft, and secondly, the adoption of eVTOL as an alternative mode of transport. Our success in development and manufacturing will be dependent on overcoming several challenges around key manufacturing considerations, such as wing borne capability and battery efficacy. We plan to continue to invest in our infrastructure, workforce and research and development efforts to ensure that we will be able to deliver our aircraft to our customers in a timely manner.

While we believe that there will be a significant market for AAM in the future, there is a possibility that consumer resistance may be significant, as there may be misconceptions about eVTOL safety, performance and reliability. Additional factors impacting the pace of adoption of AAM and aerial transportation include but are not limited to: perceptions about eVTOL quality and cost; perceptions about the limited range over which eVTOL may be flown on a single battery charge; the evolution and availability of competing forms of transportation, such as ground or air taxi or ride-hailing services; the development of adequate infrastructure; consumers' perception about the convenience and cost of transportation using eVTOL relative to ground-based alternatives; and, in particular, improvements in fuel efficiency, autonomy, or electrification of cars. In addition, macroeconomic factors could impact demand for AAM services, particularly if end-user pricing is at a premium to ground-based transportation alternatives. If the market for AAM does not develop as expected, this would impact our ability to generate revenue or grow our business.

Competition

We face immediate competition from other eVTOL manufacturers, suppliers and operators as well as ground-based mobility solutions and local and regional incumbent helicopter and aircraft charter services. While we expect to be one of the pioneering companies to market eVTOL aircraft, we expect this industry to be increasingly competitive, and it is possible that our competitors could launch in one or more markets ahead of us. Even if we are among the first to market, any anticipated advantages may not crystallize if new companies or existing aerospace companies launch competing solutions in the markets in which we intend to operate and/or if any of our competitors obtain large-scale capital investment to speedily scale up their distribution capability. Existing AAM operators may also take actions to protect their customer base, which could prevent us from gaining market share in markets in which we intend to operate. For a more comprehensive discussion, please see Item 3.D. "*Risk Factors — Risks Related to Our Business and Industry*" in our Annual Report.

Regulatory Landscape

We are, and will be, subject to significant regulation relating to aircraft safety and testing, accessibility, battery safety and testing and environmental regulation in the United Kingdom, European Union, the United States and other markets in which we intend to operate. These requirements create additional costs and possibly production delay in connection with design, testing and manufacturing of our aircraft. For more information, see Item 4.B. "*Business Overview— Our Regulatory Strategy*" and Item 3.D. "*Risk Factors — Risks Related to Our Regulatory Environment*" in our Annual Report.

Trends and Other Factors Affecting our Business

We are closely monitoring the possible impact that ongoing geopolitical conflicts (including the ongoing war between Russia and Ukraine and the conflicts in the Middle East) and tensions may have on the Company and any adverse effects they could have on our business and strategic plans. Although we do not believe that any ongoing geopolitical conflicts have had a direct impact upon us, we are continuing to monitor and evaluate if our design and development activities, regulatory certification processes and ability to maintain our current business relationships and contract with prospective customers, suppliers and other counterparties, as well as to progress to the production, manufacturing and commercialization of the VX4, could be adversely affected by such conflicts.

We also continue to closely monitor the possible effects of general economic factors on our business and planning, including among other things the impact of inflation, financial and credit market fluctuations and market instability in connection with the upcoming presidential election in the United States. These factors have, and may continue to, put pressure on our costs for employees and materials and services we procure from our suppliers.

For additional information on risks posed by geopolitical conflicts and general economic factors, see "Item 3.D "Risk Factors." in our Annual Report.

A. Operating Results

Components of Results of Operations

Revenue

We are currently in the research and development phase of our journey to commercialization of eVTOL technology. We have not generated any revenue from design, development, manufacturing, engineering, sale or distribution of our aircraft. No revenue was generated during the six months ended June 30, 2024.

Operating Expenses

Research and Development Expenses

Research and development expenses consist of relevant staff costs, including salary and benefits, third-party engineering consultants, materials, equipment, components and tooling, and program consumables and testing. Costs associated with development projects such as aircraft programs, component programs and software products are expensed rather than capitalized as intangible assets under construction. We expect research and development expenses to increase as we continue to develop our aircraft technology. The accounting policies applied remain consistent with those of the previous financial year and corresponding interim reporting period. For more information about our accounting policy for intangible assets, refer to note 2 in our consolidated financial statements included in our Annual Report.

Administrative Expenses

Administrative expenses consist of the costs associated with employment of our non-engineering staff, including salary and benefits, the costs associated with our premises, and the depreciation of our fixed assets, including depreciation of "right of use" assets in relation to our leased property. We expect administrative expenses to increase as our overall activity levels increase due to an expanding property footprint, as well as the need for additional resources in enabling functions to support our engineering activities. We also expect administrative expenses to increase as we hire additional personnel and consultants to support our compliance with the applicable provisions of the Sarbanes-Oxley Act and other SEC rules and regulations.

Administrative expenses also include share-based payment expenses in connection with the award and vesting of certain 2021 Incentive Plan and EMI options during the six months ended June 30, 2024.

See note 5 to our unaudited condensed consolidated interim financial information included elsewhere in this filing.

Related Party Administrative Expenses

Related party administrative expenses reflect costs from Imagination Industries Incubator Ltd. ("i3"), which is an entity controlled by Stephen Fitzpatrick, our majority shareholder and director. The nature of these costs is the provision of a limited number of flexible desk spaces at the United House in London, UK.

Other Operating Income

Other operating income consists of government grants to support our development activities as well as the research and development credit related to the United Kingdom research and development tax relief schemes.

Net Finance Income (net of finance costs)

Finance income and costs consist primarily of fair value movements on our convertible loan notes and warrants, interest calculated on lease liabilities, and both realized and unrealized foreign exchange movements caused by the fluctuation of exchange rates between the US Dollar, Euro, and any other currencies that are utilized in our operations.

Income tax credit

The Company receives UK small and medium-sized enterprise (SME) R&D tax relief, which is reported within Income tax credit. The Company also receives R&D tax relief relating to the UK R&D expenditure credit (RDEC), which is reported within Other operating income. Qualifying expenditures largely comprise R&D staff employment costs, R&D components, consumables, parts, tooling and outsourced contracting support for R&D activities and utilities costs.

Results of Operations

The following table sets forth the unaudited condensed consolidated interim statements of operations in British pounds sterling for the periods presented.

	Six Months Ended June 30,		
	2024 (in £ thousands)	2023 (as restated) (in £ thousands)	% Change
Revenue	—	—	—
Cost of sales	—	—	—
Gross profit	—	—	—
Research and development expenses	(31,951)	(27,500)	16 %
Administrative expenses	(20,710)	(24,266)	(15)%
Related party administrative expenses	(42)	(42)	—%
Other operating income	32,763	2,861	1,045 %
Operating loss	(19,940)	(48,947)	(59)%
Net finance income	(3,629)	24,193	(115)%
Related party finance costs	—	—	—
Total net finance (costs)/income	(3,629)	24,193	(115)%
Loss before tax	(23,569)	(24,754)	(5)%
Income tax credit	6,448	12,984	(50)%
Net loss	(17,121)	(11,770)	45 %

For the six months ended June 30, 2023 and 2024

Research and development expenses

Research and development expenses increased by £4,451 thousand, or 16% from £27,500 thousand during the six months ended June 30, 2023 to £31,951 thousand during the six months ended June 30, 2024.

This increase was primarily in relation to the completion of our second VX4 prototype aircraft. This more advanced prototype has resulted in additional expenditure on much of our strategic partners' technology as we seek to integrate their industry leading expertise. We continue to invest in the research, design and development of our proprietary third-generation propellers and battery technology.

Administrative expenses

Administrative expenses decreased by £3,556 thousand, or 15% from £24,266 thousand during the six months ended June 30, 2023 to £20,710 thousand during the six months ended June 30, 2024.

Share-based payment expenses, in relation to the EMI Option Agreements and the 2021 Incentive Plan, which are included within administrative expenses, reduced by £2,271 thousand during the six months ended June 30, 2024 compared to the six months ended June 30, 2023. This is due to a lower share price at the date of award for awards vesting during the six months ended June 30, 2024 compared to the six months ended June 30, 2023 in addition to the vesting profile of awards in each respective period. Please see note 12 to our unaudited condensed consolidated interim financial statements included elsewhere in this filing for further information on share-based payments.

Related party administrative expenses

Related party administrative expenses remained stable at £42 thousand during both the six months ended June 30, 2023 and the six months ended June 30, 2024. These charges relate to services provided by i3.

Other operating income

Other operating income increased by £29,902 thousand, or 1,045% from £2,861 thousand during the six months ended June 30, 2023 to £32,763 thousand during the six months ended June 30, 2024.

Effective May 22, 2024, Vertical and Rolls-Royce entered into an agreement to terminate the contract with Rolls-Royce to design an Electric Propulsion Unit. Pursuant to the agreement, Vertical received $34 million (recognized as £27,910 thousand) from Rolls-Royce.

Income from government grants increased from £1,874 thousand during the six months ended June 30, 2023 to £4,113 thousand during the six months ended June 30, 2024. We continue to be eligible and in receipt of government grant funding from the United Kingdom's Aerospace Technology Institute and Innovate UK in relation to our proprietary propeller and battery technologies. The receivable installments are recognized in other operating income as the matching sanctioned expenditure is incurred, with a retrospective claim process.

Finance income (net of finance costs)

Net finance income decreased by £27,822 thousand, or 115% from £24,193 thousand during the six months ended June 30, 2023 resulting in a net finance cost of £3,629 thousand during the six months ended June 30, 2024.

This reflects lower fair value gains, which decreased by £12,321 thousand, or 66%, from £18,540 thousand during the six months ending June 30, 2023 to £6,219 thousand during the six months ended June 30, 2024. Relating to warrants and Convertible Senior Secured Notes, this results from a lower share price as at June 30, 2024 compared to June 30, 2023. In addition, foreign exchange gains of £12,089 thousand were recorded during the six months ended June 30, 2023 as a result of the strengthening of British pounds sterling against the U.S. dollar. The subsequent and relative stability of these currencies resulted in a foreign exchange loss of £2,461 thousand during the six months ended June 30, 2024. Please see note 6 to our unaudited condensed consolidated interim financial statements included elsewhere in this filing for further information.

Income tax credit

Income tax credit decreased by £6,536 thousand, or 50% from £12,984 thousand during the six months ended June 30, 2023 to £6,448 thousand during the six months ended June 30, 2024. The six months ended June 30, 2023 included £7,549 thousand received relating to eligible research and development expenditure incurred in the previous periods; whereas amounts reported for the six months ended June 30, 2024 relates to eligible research and development expenditure incurred in the current period only.

Correction of error

In March 2024, we identified an error relating to the classification of the SME tax relief that we receive from HMRC in our statements of income and comprehensive income for the six-month period ended June 30, 2023 and for the three- and nine-month periods ended September 30, 2023. During the periods noted, the tax credit was erroneously classified within other operating income.

While we experience recurring unrelieved trading losses, we elect to surrender such losses and, instead, claim a payable tax credit. Accordingly, the SME tax credit should have been classified as an income tax credit rather than as other operating income within the statements of income and comprehensive income.

The impact of the restatement on the statement of income and comprehensive income and statement of cash flows is presented within note 17 of our unaudited condensed consolidated interim financial statements included elsewhere in this filing.

Off -Balance Sheet Arrangements

We did not have during the period presented, and we do not currently have, any off-balance sheet financing arrangements or any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities, which were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

JOBS Act

We are an emerging growth company, as defined in the JOBS Act. We intend to rely on certain reduced reporting and other requirements that are otherwise generally applicable to public companies. As an emerging growth company, we are not required to, among other things, (i) provide an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act, which would otherwise be required beginning with our second annual report on Form 20-F, and (ii) comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (auditor discussion and analysis).

Recent Accounting Pronouncements

Certain new accounting standards and interpretations have been issued by the IASB, but are not yet effective for the June 30, 2024 reporting period and have not been early adopted by us and our subsidiaries. These standards are not expected to have a material impact on us in the current or future reporting periods or in connection with foreseeable future transactions. Please see note 2 to our unaudited condensed consolidated interim financial statements included elsewhere in this filing.

B. Liquidity and Capital Resources

The functional currency of the Company is USD and the functional currency of VAGL is GBP. The financial statements are presented in GBP, which is the Company and VAGL's presentation currency. Note that in this section certain narrative financial information is shown in GBP and other information is shown in USD; typically, this is because we have incurred the majority of our costs in the UK and in GBP, while we expect customer payments and any external funding to be raised in USD.

We have incurred net losses since inception and to date have not generated any revenue from the design, development, manufacturing, engineering and sale or distribution of electric aircraft. Commensurate with being in the development phase of our journey to commercialization of the VX4, we have invested heavily in research to support the development of our aircraft. As of June 30, 2024, we had £66.8 million of cash and cash equivalents on hand. As of the date of this report, we had approximately £48 million of cash and cash equivalents on hand. We maintain cash balances with financial institutions in excess of insured limits. We have prepared a cash flow forecast and have considered our ability to continue as a going concern for the foreseeable future, being at least 12 months following the date of this filing, wherein we currently project our net cash outflows from operations to be approximately £75 million, which will be used primarily to fund the creation and testing of the prototype aircraft. Accordingly, we currently project that our existing resources will only be sufficient to fund our ongoing operations into the second quarter of 2025.

The Convertible Senior Secured Notes Indenture contains a covenant requiring the Company to retain a minimum of $10 million of cash. We forecast that this covenant may be breached in the first quarter of 2025, should we not raise additional capital in a timely manner. Such a breach, if uncured, would result in an event of default occurring under the Indenture, which could permit the Convertible Senior Secured Notes Investor to accelerate the maturity of the Convertible Senior Secured Notes and ultimately claim against its collateral and/or may cause the Company to declare insolvency and file for bankruptcy, or be forced into involuntary bankruptcy proceedings.

On February 22, 2024 the Company entered into the Investment Agreement (the "SF Investment Agreement) with Imagination Aero Investments Ltd. ("Imagination Aero"), a company indirectly owned by Stephen Fitzpatrick, pursuant to which Imagination Aero agreed to purchase, and the Company agreed to issue and sell to Imagination Aero, up to $50 million of (i) newly issued ordinary shares and (ii) 50,000,000 SF Warrants, in each case at purchase prices specified in the SF Investment Agreement. In accordance with the SF Investment Agreement, on March 13, 2024, the Company received $25 million in gross proceeds in consideration for newly issued ordinary shares and SF Warrants.

Pursuant to the terms of the SF Investment Agreement, subject to certain conditions, Imagination Aero committed to fund a second tranche of the equity investment in the amount of $25 million (the "Further Investment"), with payment due by August 14, 2024. As of the date of this report, we have not received any portion of the Further Investment which consequently remains outstanding. Unless and until an agreement is reached with Imagination Aero regarding the Further Investment, its status remains uncertain.

In connection with the SF Investment Agreement, the Company entered into a letter agreement with Stephen Fitzpatrick, pursuant to which, among other things, the Company granted a veto right to Mr. Fitzpatrick, for so long as he directly or indirectly holds greater than 50% of the Company's issued and outstanding ordinary shares, over future issuances of shares by the Company that would cause his shareholding to fall below 50.1% (the "Veto Right") on a fully-diluted basis. Accordingly, certain potential transactions involving equity funding may be vetoed by Mr. Fitzpatrick following approval by the Board. This may impede the ability of the Company to enter into such transactions in a timely manner.

In addition, as disclosed elsewhere in this filing, the Company announced that it is convening an EGM following the receipt of a shareholders' requisition from Mr. Fitzpatrick. If the proposed amendments are approved by shareholders at the EGM, and Mr. Fitzpatrick were subsequently to exercise his right as the majority shareholder of the Company to remove independent directors from the Board, this may impede the ability of the remaining disinterested members of the Board to negotiate and approve a potential third party investment transaction.

In addition to exploring all options available to us with respect to the Further Investment, we are also in discussions regarding potential third party investment. The timely receipt of an amount equal or equivalent to the Further Investment is required to extend our projected cash runway into the third quarter of 2025 and to extend the date at we would otherwise breach our minimum cash covenant under the Indenture to the second quarter of 2025.

There can be no assurance that we will be able to obtain such investment on acceptable terms, or at all. Should we be unable to secure investments as discussed above, it could result in a reduction or delay of expenditure in specific areas from the fourth quarter of 2024, including investment in the advancement of certain proprietary technologies that are intended to be incorporated within the final certification aircraft, and could materially impact our certification timelines. Moreover, we will also subsequently need to raise further additional capital to fund our future operations and remain as a going concern.

As a result, the timely completion of financing is critical to our ability to deliver on our business plan and to continue as a going concern. These factors indicate that a material uncertainty exists that may raise significant doubt (or substantial doubt as contemplated by PCAOB standards) about our ability to continue as a going concern and therefore we may be unable to realize our assets and discharge our liabilities in the normal course of business. Our forecasts are based on assumptions that may prove to be wrong, and we may exhaust our available capital resources sooner than we currently expect. Please refer to note 2 to our unaudited condensed consolidated interim financial statements included elsewhere in this filing.

Our future capital requirements will depend on many factors, including:

- research and development expenses as we continue to develop our eVTOL aircraft;
- expenditures in the expansion of our testing and certification capacities;
- additional operating costs and expenses for production ramp-up and raw material procurement costs;
- general and administrative expenses as we scale our operations;
- interest expense from any debt financing activities; and
- selling and distribution expenses as we build, brand and market our electric aircraft.

We received approximately $253 million in connection with the Business Combination, which after direct transaction costs included $94 million in proceeds from the PIPE Investment and $192 million from the Convertible Senior Secured Notes, which consummated substantially simultaneously with the Business Combination, net of transaction costs. In addition, as at June 30, 2024 we had received $8.5 million, and may, subject to demand in the market for our ordinary shares, receive up to approximately a further $87 million net of transaction costs in connection with and over the remainder of the three-year term of the Equity Subscription Line that commenced on August 5, 2022, which would further support our capital requirements towards our business milestones. see *"Equity Subscription Line"*. Effective May 22, 2024, we reached an agreement with Rolls-Royce to terminate the contract with Rolls-Royce to design an Electric Propulsion Unit (EPU). Under the agreement, we received a cash amount from Rolls-Royce in an amount equal to $34 million. We are also continuing to explore opportunities to raise additional capital to further support our funding situation into the foreseeable future.

We have also received conditional pre-orders and pre-order options, including from American Airlines, Avolon, Bristow, Iberojet, Virgin Atlantic and Marubeni, among others. Certain of these pre-orders require that the purchaser pay a pre-delivery payment, which is credited against any future amount due and payable. While the customer's obligation to pay such pre-delivery payments is subject to various conditions, and they are expected to be refundable in certain circumstances, we expect to receive them prior to delivering aircraft to each customer.

Until we generate sufficient operating cash flow to cover our operating expenses, working capital needs and planned capital expenditures, or if circumstances evolve differently than anticipated, we expect to utilize a combination of government funding, plus equity and debt financing, as well as any pre-delivery payments to the extent realized, to fund any future capital needs. Funds raised through equity securities may result in dilution to our shareholders. Any equity securities issued may also provide for rights, preferences or privileges senior to those of holders of ordinary shares. Additionally, if we raise funds by issuing debt securities, these debt securities may have rights, preferences, and privileges senior to those of preferred and common shareholders. The terms of debt securities or borrowings may impose significant restrictions on our operations. Adequate additional financing may not be available to us on acceptable terms, or at all. For example, the recent trend in our share price may limit our ability to raise additional capital without significantly diluting our current shareholders, as the conversion feature of our Convertible Senior Secured Notes would confer upon the Convertible Notes Senior Secured Investor an increased conversion rate in the event that we should conduct an equity capital raise at share prices at or similar to that at which our ordinary shares are currently trading. This may discourage investors from purchasing our ordinary shares in light of the heightened risk of significant dilution that would result if the conversion right were to be exercised.

Moreover, the capital markets have in the past, and may in the future, experience periods of upheaval and the availability and cost of equity and debt financing may be impacted by global macroeconomic conditions such as international political conflict, supply chain issues as well as rising inflation and interest rates. Further, the global economy, including credit and financial markets, has recently experienced extreme volatility and disruption, including severely diminished liquidity and credit availability, rising interest and inflation rates, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. Each of these factors has the potential to impact our liquidity and future funding requirements, including but not limited to, our ability to raise additional capital when needed and on acceptable terms, if at all. The duration of an economic slowdown is uncertain and the impact on our business is difficult to predict.

In recent periods, our principal use of cash has been funding our research and development activities and other personnel costs. Our future capital requirements will depend on many factors, including our revenue growth rate, the timing and amount of cash received from our customers, the expansion of sales and marketing activities and the timing and extent of spending to support our development efforts. In the future, we may enter into arrangements to acquire or invest in complementary businesses, products and technologies. We will need to seek additional equity or debt financing, which we may not be able to raise such financing on acceptable terms, or at all. If we are unable to raise additional capital or generate cash flows necessary to continue our research and development and invest in continued innovation, we may not be able to compete successfully or may need to scale back investments, which could materially impact our certification timeline, which would harm our business, results of operations, and financial condition. If adequate funds are not available, we may need to reconsider our expansion plans or limit our research and development activities, which could have a material adverse impact on our business prospects and results of operations.

Convertible Senior Secured Notes

On October 26, 2021, we entered into a convertible note subscription agreement (the "Convertible Senior Secured Notes Subscription Agreement") by and among the Company, Broadstone and Mudrick Capital Management L.P. (the "Convertible Senior Secured Notes Investor"). Concurrently with the consummation of the Business Combination, pursuant to the terms of the Convertible Senior Secured Notes Subscription Agreement, (i) the Convertible Senior Secured Notes Investor purchased Convertible Senior Secured Notes of and from the Company in an aggregate principal amount of $200,000,000 for an aggregate purchase price of $192,000,000 (the "Purchase Price"), and the Company issued and sold to the Convertible Senior Secured Notes Investor the Convertible Senior Secured Notes in consideration for the payment of the Purchase Price, and (ii) the Company issued to the Convertible Senior Secured Notes Investor 4,000,000 warrants, each representing the right to purchase one ordinary share at a price of $11.50 per share (the "Convertible Notes Warrants").

The Convertible Senior Secured Notes are initially convertible into up to 18,181,820 ordinary shares (excluding any interest, and subject to adjustments as provided in the indenture governing the Convertible Senior Secured Notes ("Indenture") at an initial conversion rate of 90.9091 ordinary shares per $1,000 principal amount of Convertible Senior Secured Note, subject to adjustments to such rate as provided in the Indenture, at any time prior to the close of business on the second scheduled trading day immediately before the maturity date of the Convertible Senior Secured Notes.

Upon the occurrence of a Fundamental Change (as defined in the Indenture), including a delisting of our ordinary shares from the NYSE, the Convertible Senior Secured Notes Investor has the right, at its option, to require us to repurchase for cash all or any portion of its Convertible Senior Secured Notes in principal amounts of $1,000 or an integral multiple thereof, at a fundamental change repurchase price equal to the principal amount of the Convertible Senior Secured Notes to be repurchased multiplied by any applicable fundamental change redemption multiplier as specified in the Indenture, plus accrued and unpaid interest on the Convertible Senior Secured Notes to be repurchased.

The Convertible Senior Secured Notes bear interest at the rate of 7.00% per annum if we elect to pay interest in cash or 9.00% per annum if we elect to pay interest in-kind, and interest is paid semi-annually in arrears. As of June 30, 2024, the Company elected to pay all incurred interest in-kind in an amount equal to $49,177 thousand. Upon the occurrence, and during the continuation, of an event of default, an additional 2.00% will be added to the stated interest rate. The Convertible Senior Secured Notes will mature on the fifth anniversary of issuance and will be redeemable at any time by us, in whole but not in part, for cash, at par plus, if redeemed before the second anniversary of issuance, certain make-whole premiums as specified in the indenture governing the Convertible Senior Secured Notes. The Convertible Senior Secured Notes Subscription Agreement also contains other customary representations, warranties, covenants and agreements of the parties thereto.

Equity Subscription Line

On August 5, 2022, we entered into the Purchase Agreement and Nomura Registration Rights Agreement with Nomura. Pursuant to the Purchase Agreement, we have the right to sell to Nomura up to $100 million in aggregate gross purchase price of our newly issued ordinary shares from time to time during the three-year term of the Purchase Agreement (the "Equity Subscription Line"). The purchase price of our ordinary shares that we elect to sell Nomura pursuant to the Purchase Agreement is determined by reference to the volume weighted average price of the ordinary shares ("VWAP") during an applicable purchase period on the day of the applicable purchase date for which we have timely delivered written notice to Nomura directing it to purchase ordinary shares under the Purchase Agreement, less a fixed 4.25% discount to such VWAP. Sales of ordinary shares pursuant to the Purchase Agreement, and the timing of any sales, are solely at our option, and we are under no obligation to sell any securities to Nomura under the Purchase Agreement. Pursuant to the Nomura Registration Rights Agreement, we filed a registration statement with the SEC registering 20 million ordinary shares of the Company to be sold to Nomura under the Purchase Agreement. As of June 30, 2024, we had sold approximately 1.1 million ordinary shares of the 20 million ordinary shares registered for resale under the Equity Subscription Line at a weighted average share price of $7.70, net of transaction costs.

Aerospace Technology Institute ("ATI") & U.K. Research and Innovation ("UKRI") Grant Funding Programs

VAGL is the recipient of an ATI grant from the U.K. Government totaling up to £14.3 million from the U.K.'s announced aggregate investment of £113 million in hydrogen and all-electric flight technologies across all grant recipients. This grant is being drawn down in installments over the duration of the project, which is expected to continue through 2025. As of June 30, 2024, we have received approximately £2.8 million of the ATI grant. The grant is being used by the Company to develop a prototype propulsion battery system for aerospace applications, including as part of the Company's eVTOL aircraft. Receipt of the grant follows the issuance by the applicable government agency of the formal grant offer letter and entry into by the Company of a collaboration agreement with a university partner, both of which events occurred in March 2023, and is also subject to the terms and conditions of the award set out in the grant offer letter (which include, among others, that the ATI funding will contribute only 50% of the Company's eligible costs in connection with the prototype battery development).

VAGL is also the recipient of an ATI grant from the U.K. Government totaling approximately £8.1 million to research, design and develop the Company's third-generation propellers and eVTOL aircraft propulsion system. VAGL is a member of a consortium comprised of the University of Glasgow, the University of Bristol, Cranfield University and Helitune. This grant is being drawn down in installments over the duration of the project, which is expected to continue for approximately three years. Receipt of the grant is subject to the terms and conditions of the award set out in the formal grant offer letter dated February 9, 2024, and signed by all parties as of February 16, 2024, which include, among other things, that the ATI funding will contribute only 50% of the Company's eligible costs in connection with the propeller development. As of June 30, 2024, we have received approximately £0.1 million of the ATI grant.

In addition, VAGL is the recipient of a UKRI grant from the U.K. Government totaling approximately £2.3 million to develop and demonstrate end-to-end operations that will drive the development of a commercially viable AAM network in the U.K.. VAGL is a member of a consortium including Skyports and Virgin Atlantic. This grant is being drawn down in installments over the duration of the project, which is expected to continue for approximately three years. Receipt of the grant is subject to the terms and conditions of the award set out in the formal grant offer letter dated August 2022, which include, among other things, that the UKRI funding will contribute only 60% of the Company's eligible costs in connection with the project. As of June 30, 2024, we have received approximately £1.1 million of the UKRI grant.

Shelf Registration Statement

On November 9, 2023, we filed a shelf registration statement on Form F-3 with the SEC under which we may offer and sell from time to time in one or more offerings, our ordinary shares, preferred shares, warrants, rights and units having an aggregate offering price of up to $180 million (the "Shelf Registration"). The Shelf Registration statement was declared effective by the SEC on November 16, 2023. To date, no securities have been sold under this shelf registration statement on Form F-3. As of the filing of our Annual Report, until such time as our non-affiliate public float exceeds $75 million, we will be limited in respect of the amount of funds we may raise through the issuance of securities under the Shelf Registration, which in any 12-month period may not exceed one-third of the aggregate market value of our ordinary shares held by non-affiliates of the Company, which limitation may change over time based on our share price, number of ordinary shares outstanding and the percentage of ordinary shares held by non-affiliates.

SF Investment

On February 22, 2024, we entered into the SF Investment Agreement with Imagination Aero, a company wholly owned by Stephen Fitzpatrick, our majority shareholder, former Chief Executive Officer and a non-executive member of our board of directors, pursuant to which Imagination Aero agreed to purchase, and we agreed to issue and sell to Imagination Aero, up to $50 million of (i) newly issued ordinary shares and (ii) 50,000,000 SF Warrants, in each case at purchase prices specified in the SF Investment Agreement and subject to the terms and conditions set out in the SF Investment Agreement. In accordance with the SF Investment Agreement, on March 13, 2024, we received $25 million in gross proceeds in GBP converted based on the agreed exchange rate specified in the SF Investment Agreement in consideration for newly issued ordinary shares and SF Warrants.

Pursuant to the terms of the SF Investment Agreement, subject to certain conditions, Imagination Aero committed to also fund the Further Investment of up to $25 million, with payment due by August 14, 2024. As of the date of this report, we have not received any portion of the Further Investment which consequently remains outstanding. Unless and until an agreement is reached with Imagination Aero regarding the Further Investment, its status remains uncertain. A Special Committee of the Board of Directors of the Company is exploring all options available to the Company with respect to the Further Investment.

Rolls-Royce Settlement Agreement

Effective May 22, 2024, we entered into an agreement with Rolls-Royce to terminate the contract with Rolls-Royce to design an Electric Propulsion Unit (EPU). Pursuant to the agreement, we received a cash payment from Rolls-Royce in an amount equal to $34 million. This follows Rolls-Royce's announcement in November 2023 of its intention to seek a partner or buyer for its advanced air mobility activities. The agreement also provides for the transfer from Rolls-Royce to the Company of Vertical's ordinary shares, which Rolls-Royce acquired from the Company in a private investment transaction in 2021.

Cash Flows

The following table presents the summary consolidated cash flow information for the periods presented.

	Six Months Ended June 30,	
	2024	2023
	(in £ thousands)	
Net cash used in operating activities	(1,651)	(33,056)
Net cash from investing activities	777	60,846
Net cash from/(used in) financing activities	19,140	(169)

Net cash used in operating activities

Net cash used in operating activities decreased by £31,405 thousand, or 95%, from £33,056 thousand for the six months ended June 30, 2023 to £1,651 thousand for the six months ended June 30, 2024. This decrease was primarily due to the receipt of cash arising from the settlement agreement with Roll-Royce and receipts from research and development tax relief during the current period.

Net cash from investing activities

Net cash from investing activities decreased by £60,069 thousand, or 99%, from £60,846 thousand for the six months ended June 30, 2023 resulting in net cash generated of £777 thousand for the six months ended June 30, 2024. This decrease was primarily due to the maturity of short-term deposits placed during the prior year.

Net cash from (used in) financing activities

Net cash from financing activities increased by £19,309 thousand, from £169 thousand cash used in financing activities for the six months ended June 30, 2023 to £19,140 thousand cash from financing activities for the six months ended June 30, 2024. This increase was primarily due to proceeds from the SF Investment Agreement during the six months ending June 30, 2024.

Material Cash Requirements for Known Contractual and Other Obligations

We are a party to many contractual obligations involving commitments to make payments to third parties. These obligations impact our short-term and long-term liquidity and capital resource needs. Certain contractual obligations are reflected on the consolidated balance sheet as of June 30, 2024, while others are considered future commitments. Our contractual obligations primarily consist of research and development expenditure incurred in the advancement of our aircraft program. For information regarding our lease obligations, refer to note 18 to our consolidated financial statements included within our Annual Report and note 15 to our unaudited condensed consolidated interim financial statements included elsewhere in this filing.

C. Research and Development, Patents and Licenses, etc.

For a discussion of our research and development policies, see "*Research and Development*" in Item 4.B. of our Annual Report and note 2 to our consolidated financial statements included within our Annual Report.

D. Trend Information

On November 28, 2023, we received a written notice from the NYSE that we are not in compliance with Section 802.01C of the NYSE Listed Company Manual because the average closing price of our ordinary shares was less than $1.00 per share over a consecutive 30 trading-day period, and as of the date of this filing, we haven't been able to regain compliance with the minimum share price requirement. While we intend to regain compliance with Section 802.01C of the NYSE Listed Company Manual by pursuing measures that are in the best interests of the Company and our shareholders, including potentially through the consummation of a reverse share split, subject to the approvals of our board of directors and our shareholders, if we cannot regain compliance with the NYSE's continuing listing requirements and rules, the NYSE may delist our ordinary shares, which would likely have a negative effect on the liquidity and market price of our ordinary shares, reduce the number of investors willing to hold or acquire our ordinary shares, limit or reduce the amount of analyst coverage we receive, and impair your ability to sell or purchase our ordinary shares when you wish to do so. A delisting from the NYSE could also result in the acceleration of repayment of our Convertible Senior Secured Notes, which could make us insolvent. See also "*Liquidity and Capital Resources —Convertible Senior Secured Notes*."

Other than as disclosed above and elsewhere in this filing, we are not aware of any trends, uncertainties, demands, commitments or events during the six months ended June 30, 2024 that are reasonably likely to have a material adverse effect on our revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E. Critical Accounting Estimates

Our consolidated financial statements are prepared in conformity with IFRS, as issued by the IASB. In preparing our consolidated financial statements, we make assumptions, judgments and estimates that can have a significant impact on amounts reported in our consolidated financial statements. We base our assumptions, judgments and estimates on historical experience and various other factors that we believe to be reasonable under the circumstances. Actual results could differ materially from these estimates under different assumptions or conditions. We regularly reevaluate our assumptions, judgments and estimates. Our critical accounting estimates and judgments are described in note 3, critical accounting judgments and key sources of estimation uncertainty, to our unaudited condensed consolidated interim financial statements included elsewhere in this filing.

Forward-Looking Statements

The above discussion contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 that relate to our current expectations and views of future events. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements as contained in Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements, whether express or implied, other than statements of historical facts contained in this filing, including without limitation, statements regarding the design and manufacture of our eVTOL aircraft, our future results of operations and financial position, the features and capabilities of the VX4, our business strategy and plans and objectives of management for future operations, including, among others, the building and testing of our prototype aircrafts on timelines projected, selection of suppliers, certification and the commercialization of the VX4 and our ability to achieve regulatory certification of our aircraft product on any particular timeline or at all, statements regarding the liquidity, growth and profitability strategies, our ability and plans to raise additional capital to fund our operations, our plans to mitigate the risk that we are unable to continue as a going concern, factors and trends affecting our business and guidance as described in this section entitled “Operating and Financial Review and Prospects” are forward-looking statements.

In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “targets,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “forecasts,” “aims,” “potential” or “continue,” “is/are likely to” or the negative of these terms or other similar expressions, though not all forward-looking statements use these words or expressions.

Forward-looking statements involve a number of risks, uncertainties and assumptions, and actual results or events may differ materially from those projected or implied in those statements. Important factors that could cause such differences include, but are not limited to:

- Our limited operating history and that we have not yet manufactured any non-prototype aircraft or sold any aircraft to eVTOL aircraft customers;

- Our business plans require a significant amount of capital and we may not be able to raise additional funds when we need or want them, or at all, to fund our operations, which could force us to curtail or even cease our planned operations and the pursuit of our growth strategy;

- Our limited cash and cash equivalents, recurring losses from operations and dependency on raising additional capital indicate that a material uncertainty exists that may cast significant doubt (or substantial doubt as contemplated by PCAOB standards) regarding our ability to continue as a going concern;

- If we are unable to produce, certify or launch aircraft in the volumes or timelines projected;

- Our aircraft may not perform at the level we expect and may potentially have defects;

- Our dependence on our partners and suppliers for the components in our aircraft and for our operational needs;

- Being an early-stage company with a history of losses, we expect to incur significant expenses and continuing losses in the foreseeable future;

- Our markets are still in relatively early stages of growth, and such markets may not continue to grow, grow more slowly than we expect or fail to grow as large as we expect;

- Any accidents or incidents involving eVTOL aircraft developed by us or our competitors could harm our business;
- Our eVTOL aircraft may not be certified by transportation authorities for production and operation within any projected timeline, or at all;
- All of the pre-orders we have received for our aircraft are conditional and may be terminated at any time by either party and any pre-delivery payments may be fully refundable upon certain circumstances;
- Our aircraft may not perform at the level we expect and may have potential defects;
- Our business has grown rapidly and expects to continue to grow significantly, and any failure to manage that growth effectively could harm our business;
- Our dependence on recruiting and retaining our senior management team and other highly skilled personnel;
- We previously identified material weaknesses in our internal controls over financial reporting, which if we fail to properly remediate, could adversely affect our results of operations, investor confidence in us and the market price of our ordinary shares; and
- The other matters described in the section entitled "Risk Factors" in our Annual Report on Form 20-F for the year ended December 31, 2023.

We caution you against placing undue reliance on forward-looking statements, which reflect current beliefs and are based on information currently available as of the date a forward-looking statement is made.

Forward-looking statements set forth herein speak only as of the date of this filing. We will not and do not undertake any obligation to revise forward-looking statements to reflect future events, changes in circumstances or changes in beliefs, except as may be required under applicable securities laws. In the event that any forward-looking statement is updated, no inference should be made that we will make additional updates with respect to that statement, related matters or any other forward-looking statements. Any corrections or revisions and other important assumptions and factors that could cause actual results to differ materially from forward-looking statements, including discussions of significant risk factors, may appear in our public filings with the SEC, which are accessible at www.sec.gov, and which you are advised to consult.

You should read the above discussion with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect.

Exhibit 99.3

Vertical Aerospace Ltd.

Unaudited Condensed Consolidated Interim Financial Information for the six months ended June 30, 2024 and June 30, 2023

Contents

Vertical Aerospace Ltd.

Unaudited Condensed Consolidated Interim Statements of Income and Comprehensive Income

	Note	6 months ended June 30, 2024	6 months ended June 30, 2023 (as restated)
		£ 000	£ 000
Research and development expenses	5	(31,951)	(27,500)
Administrative expenses	5	(20,710)	(24,266)
Related party administrative expenses	5	(42)	(42)
Other operating income	4	32,763	2,861
Operating loss		**(19,940)**	**(48,947)**
Finance income	6	7,397	32,333
Finance costs	6	(11,026)	(8,140)
Net finance income		**(3,629)**	**24,193**
Loss before tax		**(23,569)**	**(24,754)**
Income tax credit		6,448	12,984
Net loss for the period		**(17,121)**	**(11,770)**
Foreign exchange translation differences		1,162	(6,922)
Total comprehensive loss for the period		**(15,959)**	**(18,692)**
		£	**£**
Basic and diluted loss per share	7	(0.09)	(0.06)

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

Items of other comprehensive income may be reclassified to profit or loss.

Vertical Aerospace Ltd.

Unaudited Condensed Consolidated Interim Statements of Financial Position

	Note	June 30, 2024 £ 000	December 31, 2023 £ 000
Non-current assets			
Property, plant and equipment		3,653	3,821
Right of use assets		2,128	2,453
Intangible assets		481	1,018
		6,262	7,292
Current assets			
Trade and other receivables	8	20,058	26,413
Restricted cash		1,700	1,700
Cash and cash equivalents		66,786	48,680
		88,544	76,793
Total assets		94,806	84,085
Equity			
Share capital	9	17	17
Other reserves	9	97,254	86,757
Treasury share reserve	9	(803)	—
Share premium	9	273,824	257,704
Accumulated deficit		(412,373)	(394,257)
Total equity		(42,081)	(49,779)
Non-current liabilities			
Lease liabilities		1,748	1,977
Provisions		327	256
Derivative financial liabilities	13	112,770	109,291
Trade and other payables	10	3,955	3,922
		118,800	115,446
Current liabilities			
Lease liabilities		558	643
Warrant liabilities	11	610	907
Trade and other payables	10	16,919	16,868
		18,087	18,418
Total liabilities		136,887	133,864
Total equity and liabilities		94,806	84,085

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

Vertical Aerospace Ltd.

Unaudited Condensed Consolidated Interim Statements of Cash Flows

	Note	6 months ended June 30, 2024 £ 000	6 months ended June 30, 2023 (as restated) £ 000
Cash flows from operating activities			
Net loss for the period		(17,121)	(11,770)
Adjustments to cash flows from non-cash items			
Depreciation and amortization	5	1,094	990
Depreciation on right of use assets	5	326	327
Finance costs/(income)	6	3,629	(24,193)
Share based payment transactions	12	4,785	7,056
Income tax credit		(6,448)	(12,984)
Non-cash gain (settled in treasury shares)		(803)	—
		(14,538)	(40,574)
Working capital adjustments			
(Decrease)/increase in trade and other receivables	8	(3,035)	802
Increase/(decrease) in trade and other payables	10	84	(4,603)
Income taxes received		15,838	11,319
Net cash outflow from operating activities		(1,651)	(33,056)
Cash flows from investing activities			
Decrease in gross financial assets at amortized cost		—	59,886
Acquisitions of property plant and equipment		(391)	(1,304)
Acquisition of intangible assets		—	(73)
Interest income on deposits		1,168	2,337
Net cash inflow from investing activities		777	60,846
Cash flows from financing activities			
Proceeds from issue of shares	9	—	180
Proceeds from issue of shares to related party		15,629	—
Proceeds from issue of warrants to related party		3,907	—
Payments to lease creditors		(396)	(349)
Net cash /(outflow) from financing activities		19,140	(169)
Net increase in cash at bank		18,266	27,621
Cash at bank, beginning of the period		48,680	62,927
Effect of foreign exchange rate changes		(160)	(855)
Cash at bank, end of the period		66,786	89,693

The accompanying accounting policies and notes form an integral part of these Unaudited Condensed Consolidated Interim Statements.

Vertical Aerospace Ltd.

Unaudited Condensed Consolidated Interim Statements of Changes in Equity

	Note	Share capital £ 000	Share premium £ 000	Other reserves £ 000	Accumulated deficit £ 000	Total £ 000
At January 1, 2023		16	257,197	94,857	(344,752)	7,318
Loss for the period		—	—	—	(11,770)	(11,770)
Translation differences		—	—	(6,922)	—	(6,922)
Total comprehensive loss		—	—	(6,922)	(11,770)	(18,692)
Share based payment transactions	9, 12	—	—	7,107	—	7,107
Exercise of share options	9, 12	1	641	—	—	642
Transfer of reserves		—	—	(3,874)	3,874	—
At June 30, 2023		17	257,838	91,168	(352,648)	(3,625)

	Note	Share capital £ 000	Share premium £ 000	Treasury share reserve £ 000	Other reserves £ 000	Accumulated deficit £ 000	Total £ 000
At January 1, 2024		17	257,704	—	86,757	(394,257)	(49,779)
Loss for the period		—	—	—	—	(17,121)	(17,121)
Translation differences		—	—	—	1,162	—	1,162
Total comprehensive loss		—	—	—	1,162	(17,121)	(15,959)
Share based payment transactions	9, 12	—	—	—	4,433	—	4,433
Shares issuances to related party	9	—	15,629	—	—	—	15,629
Issuance of warrants to related party		—	—	—	3,907	—	3,907
Exercise of share options	9	—	491	—	—	—	491
Repurchase of ordinary shares		—	—	(803)	—	—	(803)
Transfer of reserves		—	—	—	995	(995)	—
At June 30, 2024		17	273,824	(803)	97,254	(412,373)	(42,081)

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

Vertical Aerospace Ltd.

Notes to the Unaudited Condensed Consolidated Interim Financial Information for the six months ended June 30, 2024 and June 30, 2023

1 General information

Vertical Aerospace Ltd (the "Company", or the "Group" if together with its subsidiaries) is incorporated under the Companies Law (as amended) of the Cayman Islands. The address of its principal executive office is: Unit 1 Camwal Court, Bristol, United Kingdom. The Group's main operations are in the United Kingdom and these financial statements are presented in pounds sterling and all values are rounded to the nearest thousand (£'000) except when otherwise indicated.

These financial statements were approved by the Board of Directors on September 16, 2024.

Principal activities

The principal activity of the Company and its wholly owned subsidiary, Vertical Aerospace Group Ltd ("VAGL"), is the development and commercialization of vertical take-off and landing electrically powered aircraft ("eVTOL").

2 Significant accounting policies

Basis of preparation

This unaudited condensed consolidated interim financial report for the half-year reporting period ended June 30, 2024 has been prepared in accordance with International Financial Reporting Standards (IFRS) applicable to the preparation of interim financial statements, IAS 34 Interim Financial Reporting.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2023.

The accounting policies adopted are consistent with those of the previous financial year.

The unaudited condensed consolidated interim financial report has been prepared on a historical cost basis, as modified by the revaluation of certain financial assets and liabilities (including derivative financial instruments) which are recognized at fair value through profit and loss.

Items included in the unaudited condensed consolidated interim financial report are measured using the currency of the primary economic environment in which the entity and its subsidiaries operate ('the functional currency'). The financial information is presented in pounds sterling ('£' or 'GBP'), which is the Group's functional and presentation currency, and all amounts are presented in and rounded to the nearest thousand unless otherwise indicated.

Vertical Aerospace Ltd.

Notes to the Unaudited Condensed Consolidated Interim Financial Information for the six months ended June 30, 2024 and June 30, 2023 (continued)

2 Significant accounting policies (continued)

Basis of consolidation

Vertical Aerospace Ltd is the parent of the Group and has 100% ownership interest and voting rights of Vertical Aerospace Group Limited, which is its only material subsidiary.

The consolidated financial statements incorporate the financial positions and the results of operations of the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of the subsidiaries are prepared for the same reporting period as the Company using consistent accounting policies. Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated.

Significant accounting policies and key accounting estimates

The accounting policies adopted are consistent with those of the previous financial year, with the exception of newly adopted policies as discussed below.

Going concern

Management has prepared a cash flow forecast for the Group and has considered the ability for the Group to continue as a going concern for the foreseeable future, being at least 12 months after the issuance of these financial statements.

The Group is currently in the research and development phase of its journey to commercialize eVTOL technology. Commensurate with being in the development phase, the Group has invested heavily in research to support the development of its aircraft. The Group is not currently generating revenue and has incurred net losses and net cash outflows from operating activities since inception.

As of June 30, 2024, the Group had £66.8 million of cash and cash equivalents on hand and a net shareholder deficit of £42.1 million. As of the issuance of these financial statements, the Group had approximately £48 million of cash and cash equivalents on hand. Management currently projects its net cash outflows from operations within the next 12 months after issuance of these financial statements to be approximately £75 million, which will be used primarily to fund the creation and testing of the prototype aircraft. Accordingly, the Group currently projects that its existing resources will only be sufficient to fund its ongoing operations no longer than into the second quarter of 2025.

The Convertible Senior Secured Notes Indenture contains a covenant requiring the Group to maintain a minimum cash balance of at least $10 million at all times. The Group currently projects that it will breach this covenant in the first quarter of 2025 unless additional capital is raised in a timely manner (see a discussion of the Group's plans in this regard below). Such a breach, if uncured, would result in an event of default occurring under the Indenture, which would permit the Convertible Senior Secured Notes Investor to accelerate the maturity of the Convertible Senior Secured Notes and ultimately claim against its collateral and/or may cause the Company to declare insolvency and file for bankruptcy, or be forced into involuntary bankruptcy proceedings.

On February 22, 2024 the Company entered into the SF Investment Agreement with Imagination Aero Investments Ltd. ("Imagination Aero"), a company indirectly owned by Stephen Fitzpatrick, pursuant to which Imagination Aero agreed to purchase, and the Company agreed to issue and sell to Imagination Aero, up to $50 million of (i) newly issued ordinary shares and (ii) 50,000,000 SF Warrants, in each case at purchase prices specified in the SF Investment Agreement. In accordance with the SF Investment Agreement, on March 13, 2024, the Company received $25 million in gross proceeds in consideration for newly issued ordinary shares and SF Warrants.

2 Significant accounting policies (continued)

Pursuant to the terms of the SF Investment Agreement, subject to certain conditions, Imagination Aero committed to fund a second tranche of the equity investment in the amount of $25 million, with payment due by August 14, 2024. As of the date of this report, the Company has not received payment of any portion of this amount, which consequently remains outstanding. Unless and until an agreement is reached regarding this outstanding payment, its status remains uncertain.

In connection with the SF Investment Agreement, the Company entered into a letter agreement with Stephen Fitzpatrick, pursuant to which, among other things, the Company granted a veto right to Stephen Fitzpatrick, for so long as he directly or indirectly holds greater than 50% of the Company's issued and outstanding ordinary shares, over future issuances of shares by the Company that would cause his shareholding to fall below 50.1% (the "Veto Right") on a fully-diluted basis. Accordingly, certain potential transactions involving equity funding may be vetoed by Mr. Fitzpatrick following approval by the Board. This may impede the ability of the Company to enter into such transactions in a timely manner.

In addition, the Company received a shareholders' requisition dated August, 30 2024, issued by Mr. Fitzpatrick, in his capacity as the holder of greater than 10.0% of the ordinary shares issued and outstanding of the Company, requesting the directors of the Company to convene an Extraordinary General Meeting for the sole purpose of considering and, if thought fit, passing a number of resolutions to amend the Company's Amended and Restated Memorandum and Articles of Association (the "Articles"). Pursuant to its Articles, the Company has issued notice to convene this Extraordinary General Meeting on September 30, 2024. Among other things, the proposed amendments would remove the requirement for any of the directors Mr. Fitzpatrick is entitled to appoint under the Articles to be independent (subject to NYSE minimum independence requirements), and introduce a right for shareholders of the Company holding a majority of the issued and outstanding ordinary shares to remove any director by written instruction. If these amendments are approved by shareholders, and Mr. Fitzpatrick were subsequently to exercise his right as the majority shareholder of the company to remove independent directors from the Board, this may impede the ability of the remaining disinterested members of the Board to negotiate and approve a potential third party investment transaction.

In addition to exploring all options available to it with respect to the second tranche of the Imagination Aero equity investment, the Company is also in discussions regarding potential third party investment. The timely receipt of an amount equal or equivalent to the second tranche of the Imagination Aero equity investment is required for the Group to extend its projected cash runway into the third quarter of 2025 (from the second quarter of 2025, as discussed above) and to extend the date at which the Group would otherwise breach its minimum cash covenant pursuant to the Convertible Senior Secured Notes Indenture to the second quarter of 2025 (from the first quarter of 2025, as discussed above).

Should the Group be unable to secure investments as discussed above, it could result in a reduction or delay of expenditure in specific areas from the fourth quarter of 2024, including investment in the advancement of certain proprietary technologies that are intended to be incorporated within the final certification aircraft, and could materially impact its certification timelines.

Over the course of the next twelve months, the Group intends to seek to complete its piloted flight test programme and to raise additional capital to fund its ongoing operations. However, there can be no assurance that the Group will successfully complete its piloted test programme or be able to raise additional funds on acceptable terms (or necessary timelines) to provide sufficient funds to meet the Group's ongoing funding requirements. Regardless of the outcome of the ongoing potential investment discussions, the Group will subsequently need to raise further additional capital to fund its future operations and remain as a going concern.

As a result, the timely completion of financing is critical to the Group's ability to continue as a going concern. The inability to obtain future funding could impact the Group's financial condition and ability to pursue its business strategies, including being required to delay, reduce or eliminate some of its research and development programs, or being unable to continue operations or continue as a going concern. The dependency on raising additional capital indicates that a material uncertainty exists that may cast significant doubt (or raise substantial doubt as contemplated by PCAOB standards) on the Group's ability to continue as a going concern and therefore the Group may be unable to realise the assets and discharge the liabilities in the normal course of business. The consolidated interim financial statements have been prepared assuming that the Group will continue as a going concern, which contemplates the continuity of operations, realisation of assets and the satisfaction of liabilities in the ordinary course of business and do not include any adjustments that would result if the Group were unable to continue as a going concern.

2 Significant accounting policies (continued)

Application of new accounting standards

A number of amended standards became applicable for the current reporting period. The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards:

1. Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1
2. Lease liability in sale and leaseback – Amendments to IFRS 16
3. Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

3 Critical accounting judgments and key sources of estimation uncertainty

The preparation of the unaudited condensed consolidated interim financial information in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial information and the reported amounts of expenses during the reporting period.

The Company's most significant estimates and judgments involve the valuation of the share-based consideration, including the fair value of share options and market-based restricted share units, and the valuations of derivative liabilities including convertible loan notes.

These estimates are based on historical data and experience, as well as various other factors that management believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Such estimates often require the selection of appropriate valuation methodologies and models and may involve significant judgment in evaluating ranges of assumptions and financial inputs. Actual results may differ from those estimates under different assumptions, financial inputs, or circumstances.

In preparing these unaudited condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2023.

4 Other operating income

The analysis of the Group's other operating income for the period is as follows:

	6 months ended June 30, 2024	6 months ended June 30, 2023 (as restated)
	£ 000	£ 000
Rolls-Royce settlement	27,910	—
Government grants	4,113	1,874
R&D tax relief	740	987
	32,763	2,861

Rolls-Royce settlement

Effective May 22, 2024, the Company entered into an agreement with Rolls-Royce to terminate the contract with Rolls-Royce to design an Electric Propulsion Unit (EPU). Pursuant to the agreement, the Company received a cash payment from Rolls-Royce for an amount equal to $34 million. In addition, the Company also received a non-cash transfer of 1.4 million of the Company's own ordinary shares valued at $1 million recognised within a treasury shares reserve.

Vertical Aerospace Ltd.

Notes to the Unaudited Condensed Consolidated Interim Financial Information for the six months ended June 30, 2024 and June 30, 2023 (continued)

4 Other operating income (continued)

Government grants

Government grants relate to amounts receivable from the Aerospace Technology Institute (ATI) relating to the research and development of eVTOL technologies. The grant is made to fund research and development expenditure and is recognized in other operating income in the period to which the expense relates.

R&D tax relief

The Company receives R&D tax relief relating to the UK R&D expenditure credit (RDEC), which is reported within Other operating income. The Company also receives UK small and medium-sized enterprise (SME) R&D tax relief, which is reported within Income tax credit.

5 Expenses by nature

Included within administrative expenses, research and development expenses and related party administrative expenses are the following expenses.

	6 months ended June 30, 2024 £ 000	6 months ended June 30, 2023 £ 000
Research and development staff costs (excluding share-based payment expenses)	12,680	11,882
Research and development consultancy	7,395	7,449
Research and development components, parts and tooling	11,876	8,169
Total Research and Development expenses	31,951	27,500
Administrative staff costs (excluding share-based payment expenses)	4,687	5,547
Share based payment expenses	4,785	7,056
Consultancy costs	1,173	1,340
Legal and financial advisory costs	1,771	1,125
IT hardware and Software costs	3,407	3,085
Related party administrative expenses	42	42
Insurance and premises expenses	1,296	1,913
Other administrative expenses	2,171	2,883
Depreciation expense	558	412
Amortisation expense	536	578
Depreciation on right of use property assets	326	327
Total administrative expenses	20,752	24,308
Total administrative and research and development expenses	52,703	51,808

Staff costs excluding share-based payment expenses relates primarily to salary and salary related expenses, including social security and pension contributions.

Vertical Aerospace Ltd.

Notes to the Unaudited Condensed Consolidated Interim Financial Information for the six months ended June 30, 2024 and June 30, 2023 (continued)

6 Finance (costs)/income

	6 months ended June 30, 2024 £ 000	6 months ended June 30, 2023 £ 000
In-kind interest on convertible loan notes	(8,483)	(7,964)
Foreign exchange loss	(2,461)	—
Interest expense on leases	(82)	(109)
Other	—	(67)
Total finance costs	(11,026)	(8,140)
Interest income on deposits	1,168	1,704
Foreign exchange gain	—	12,089
Fair value movements on convertible loan notes (note 13)	5,914	16,510
Fair value movements on warrant liabilities (note 11)	305	2,030
Other	10	—
Total finance income	7,397	32,333
Total net finance (costs)/income	(3,629)	24,193

7 Loss per share

Basic earnings per share, in this case a loss per share, is calculated by dividing the loss for the period attributable to ordinary equity holders of the parent by the number of ordinary shares outstanding.

Because a net loss for all period presented has been reported, diluted loss per share is the same as basic loss per share. Therefore, all potentially dilutive common stock equivalents are antidilutive and have been excluded from the calculation of net loss per share.

The calculation of loss per share is based on the following data:

	6 months ended June 30, 2024 £ 000	6 months ended June 30, 2023 £ 000
Net loss for the period	(17,121)	(11,770)
	£	**£**
Basic and diluted loss per share	(0.09)	(0.06)
	No. of shares	**No. of shares**
Weighted average issued shares	192,339,300	185,639,462

Vertical Aerospace Ltd.

Notes to the Unaudited Condensed Consolidated Interim Financial Information for the six months ended June 30, 2024 and June 30, 2023 (continued)

8 Trade and other receivables

	June 30, 2024 £ 000	December 31, 2023 £ 000
R&D tax relief receivable	7,251	16,416
Government grants and VAT receivable	5,824	4,060
Prepayments	6,175	5,062
Other receivables	808	875
	20,058	26,413

Included within R&D tax relief receivable is £6,511 thousand for R&D tax relief claimed under the HMRC SME Scheme (December 31, 2023: £15,838 thousand) and £740 thousand claimed under the HMRC RDEC scheme (December 31, 2023: £578 thousand).

Expected credit losses were not significant in 2024 or 2023. The Group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in note 15 Financial risk management and impairment of financial assets.

9 Share capital and reserves

Allotted, called up and fully paid shares

	June 30, 2024		December 31, 2023	
	No.	£	No.	£
Ordinary of $0.0001 each	223,249,244	16,854	221,249,244	16,681
	223,249,244	16,854	221,249,244	16,681

Ordinary shares have full voting rights, full dividend rights. The Company is authorized to issue 500,000,000 ordinary shares. During the period 2,000,000 ordinary shares were issued as shown below:

	Shares Issued No.	Proceeds Received £ 000	Premium arising £ 000
SF Investment (March 13, 2024)	2,000,000	15,629	15,629

Effective May 22, 2024, the Company entered into an agreement with Rolls-Royce to terminate the contract with Rolls-Royce to design an Electric Propulsion Unit (EPU). The agreement provides for the transfer from Rolls-Royce to the Company of Vertical's ordinary shares, which Rolls-Royce acquired from the Company in a private placement transaction in 2021. A treasury share reserve of £803 thousand reflecting 1,400,000 shares has been recognised as a result.

Nature and purpose of other reserves

	June 30, 2024 £ 000	December 31, 2023 £ 000
Share based payment reserve	26,292	21,140
Foreign currency translation reserve	2,646	1,484
Warrant reserve	13,475	9,292
Merger reserve	54,841	54,841
	97,254	86,757

Vertical Aerospace Ltd.

Notes to the Unaudited Condensed Consolidated Interim Financial Information for the six months ended June 30, 2024 and June 30, 2023 (continued)

9 Share capital and reserves (continued)

The share-based payments reserve is used to recognize the grant date fair value of options issued to employees but not exercised. The translation reserve arises as a result of the retranslation of overseas subsidiaries and the Company's USD denominated balances in consolidated financial statements. The warrant reserve is used to recognize the fair value of warrants issued in exchange for a fixed amount of cash or another financial asset for a fixed number of the Company's ordinary shares ('fixed-for-fixed condition'). In accordance with the SF Investment Agreement, 50 million warrants were issued on March 13, 2024 resulting in £3,907 thousand being recognised within the warrant reserve. The merger reserve is used to reflect any difference between the consideration and the book value of net assets acquired as part of a business combination.

10 Trade and other payables

Amounts falling due within one year:

	June 30, 2024	December 31, 2023
	£ 000	£ 000
Trade payables	4,605	3,726
Accrued expenses	10,480	12,146
Social security and other taxes	1,549	981
Outstanding defined contribution pension costs	285	15
	16,919	16,868

Amounts falling due after more than one year:

	June 30, 2024	December 31, 2023
	£ 000	£ 000
Deferred fees and charges	3,955	3,922

The Group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in note 15 Financial risk management and impairment of financial assets.

11 Warrant Liability

The following warrants are in issue but not exercised:

	June 30, 2024	December 31, 2023
	Number	Number
Public Warrants	15,264,935	15,264,935
Mudrick Warrants	4,000,000	4,000,000
Outstanding, end of period	19,264,935	19,264,935

Recorded as a liability, the following shows the change in fair value during the period ended June 30, 2024:

	£ 000
December 31, 2023	**907**
Change in fair value	(305)
Exchange differences on translation	8
June 30, 2024	**610**

Vertical Aerospace Ltd.

Notes to the Unaudited Condensed Consolidated Interim Financial Information for the six months ended June 30, 2024 and June 30, 2023 (continued)

11 Warrant Liability (continued)

Each public warrant entitles the registered holder to purchase one ordinary share at a price of $11.50 per share. The Company may redeem the public warrants at a price of $0.01 per public warrant if the closing price of the ordinary shares equals or exceeds $18.00 per share for any 20 trading days within a 30-trading day period. The public warrants expire on December 15, 2026 or earlier upon redemption or liquidation.

12 Share-based payments

The Group has established two employee option plans. The EMI Scheme was closed to employees during 2021, and the 2021 Incentive Plan was implemented in 2022. For more information about the option plans, please refer to the Group's annual financial statements for the year ended December 31, 2023. The total expense recognised by the company during the year in respect of these plans is shown below:

	June 30, 2024 £'000	June 30, 2023 £'000
EMI Scheme	260	487
2021 Incentive plan	4,351	6,513
Non-Executive Director awards	174	56
Total Expense Recognised	4,785	7,056

The summary of options granted under the plans were as follows:

EMI Scheme

	June 30, 2024		December 31, 2023	
	Number	Average exercise price (£)	Number	Average exercise price (£)
Outstanding, start of period	11,702,317	0.25	21,011,084	0.19
Granted during the period	—	—	—	—
Grant arising due to scheme modification	—	—	—	—
Exercised during the period	—	—	(7,686,919)	0.10
Forfeited during the period	(1,626,460)	0.12	(1,621,848)	0.24
Outstanding, end of period	10,075,857	0.27	11,702,317	0.25

The number of options which were exercisable at June 30, 2024 was 5,893,292 (December 31, 2023: 4,956,810) with exercise prices ranging from £0.03 to £1.14. The expected average remaining vesting period has been determined as 1.33 years (December 31, 2023: 1.78 years).

2021 Incentive Plan

	June 30, 2024		December 31, 2023	
	Number	Average exercise price (£)	Number	Average exercise price (£)
Outstanding, start of period	9,985,971	0.12	4,355,669	1.44
Granted during the period	1,114,835	—	7,370,598	0.06
Exercised during the period	(217,121)	—	(1,024,523)	—
Forfeited during the period	(134,817)	0.36	(715,773)	0.77
Outstanding, end of period	10,748,868	0.11	9,985,971	0.12

Vertical Aerospace Ltd.

Notes to the Unaudited Condensed Consolidated Interim Financial Information for the six months ended June 30, 2024 and June 30, 2023 (continued)

12 Share-based payments (continued)

The number of options which were exercisable at June 30, 2024 was 2,813,088 (December 31, 2023: 1,730,062) with exercise prices ranging from £nil to £6.40. Options exercised during the period related solely to nil-cost options. The number of options outstanding as at the end of the period consists of 9,633,610 nil cost options, 1,096,741 Company Share Option Plan (CSOP) options and 18,518 cost share options. The expected average remaining vesting period has been determined as 2.63 years (December 31, 2023: 3.30 years).

The fair value of all options granted during the period has been determined with reference to the share price at grant date.

13 Derivative financial liabilities

Convertible Senior Secured Notes consists of the following:

	Mudrick £ 000
As at December 31, 2023	109,291
Fair value movements	(5,914)
In-kind interest paid	8,483
Exchange differences on translation	910
As at June 30, 2024	112,770

On December 16, 2021 Mudrick Capital Management purchased Convertible Senior Secured Notes of an aggregate principal amount of £151,000 thousand ($200,000 thousand) for an aggregate purchase price of £145,000 thousand ($192,000 thousand). The Convertible Senior Secured Notes are initially convertible into up to 18,181,820 ordinary shares at an initial conversion rate of 90.9091 ordinary shares per £824 ($1,000).

In accordance with IFRS 9, this is treated as a hybrid instrument and is designated in its entirety as fair value through profit or loss. The valuation methods and assumptions are shown in note 14.

The Company has elected to pay interest in-kind at 9% per annum. Interest is paid semi-annually in arrears and on June 15, 2024 the Company authorised the payment of interest by increasing the nominal amount of the outstanding Convertible Senior Secured Notes by £8,483 thousand ($10,730 thousand).

Several covenants exist including the retention of $10 million cash. Accordingly, cash at bank includes £7,910 thousand retained for this purpose as at June 30, 2024.

14 Financial instruments

To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into the three levels prescribed under the accounting standards.

Financial liabilities at fair value through profit and loss:

	June 30, 2024			December 31, 2023		
		£ 000			£ 000	
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Convertible Senior Secured Notes	—	—	112,770	—	—	109,291
Warrant liabilities	610	—	—	907	—	—
	610	—	112,770	907	—	109,291

14 Financial instruments (continued)

The fair value of financial instruments is deemed to be equivalent to the carrying value.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. As such, warrants issued but not exercised are valued with reference to the observable market price as at the period end date ($0.04 per warrant).

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for the issued Convertible Senior Secured Notes.

The fair value of the Convertible Senior Secured Notes has been estimated using an option pricing model, in accordance with the International Valuation Standards definition of “market value”. The following inputs have been used:

	June 30, 2024	December 31, 2023
Interest rate (%)	9.0	9.0
Risk-free rate (%)	4.6	4.0
Expected life (years)	2.5	3.0
Dividend yield (%)	—	—
Volatility (%)	90.0	90.0
Credit spread (%)	32.5	27.5

No changes were made during the period ended June 30, 2024 to the valuation techniques applied as at December 31, 2023. For more information about the Convertible Senior Secured Notes, please refer to the Group’s annual financial statements for the year ended December 31, 2023.

15 Financial risk management and impairment of financial assets

The Group’s activities expose it to a variety of financial risks including market risk, credit risk, foreign exchange risk and liquidity risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations, arising principally from prepayments to suppliers and deposits with the Group’s bank.

Also included in Cash at bank is £1,700 thousand deemed to be restricted as at June 30, 2024.

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was £808 thousand (December 31, 2023: £872 thousand) being the total of the carrying amount of financial assets, including contractual receivables but excluding R&D tax credits receivables and cash.

The allowance account of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly. The Group provides for impairment losses based on estimated irrecoverable amounts determined by reference to specific circumstances and the experience of management of debtor default in the industry.

On that basis, the loss allowance as at June 30, 2024 and December 31, 2023 was determined as £nil for trade receivables.

Vertical Aerospace Ltd.

Notes to the Unaudited Condensed Consolidated Interim Financial Information for the six months ended June 30, 2024 and June 30, 2023 (continued)

15 Financial risk management and impairment of financial assets (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's financial position. The Group's principal exposure to market risk is exposure to foreign exchange rate fluctuations. There are currently no currency forwards, options, or swaps to hedge this exposure.

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from exposure to various currencies in the ordinary course of business. The Group holds cash in USD, EUR and GBP. The majority of the Group's trading costs are in GBP; however, the Group also has supply contracts denominated in USD and EUR. The Group holds sufficient cash in USD, EUR and GBP to satisfy its trading costs in each of these currencies. In the first six months of 2024 and in the 2023 financial year, the Group did not consider foreign exchange rate risk to have a material impact on the financial statements and therefore no sensitivity analysis is presented. The Company may be exposed to material foreign exchange risk in subsequent periods or years because of the significance of the USD denominated Convertible Senior Secured Notes ($143,829 thousand at June 30, 2024) relative to USD deposits and cash held ($23,907 thousand at June 30, 2024), which are expected to decline as expenses are incurred until future funding is secured. A 5 percent weakening of GBP against USD would give rise to an increase in USD held net liabilities of £5 million.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Group's management uses short and long-term cash flow forecasts to manage liquidity risk. Forecasts are supplemented by sensitivity analysis which is used to assess funding adequacy for at least a 12-month period. The Company manages its cash resources to ensure it has sufficient funds to meet all expected demands as they fall due.

Maturity analysis

	Within 1 year	Between 2 and 5 years	After more than 5 years	Total
30 June 2024	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Trade and other payables	16,919	3,955	—	20,874
Lease liabilities	558	1,225	523	2,306
Convertible senior secured notes	—	197,101	—	197,101
	17,477	202,281	523	220,281
31 December 2023				
Trade and other payables	16,868	3,922	—	20,790
Lease liabilities	643	1,387	590	2,620
Convertible senior secured notes	—	187,061	—	187,061
	17,511	192,370	590	210,470

Capital management

The Group's objective when managing capital is to ensure the Group continues as a going concern; and grows in a sustainable manner. Given the ongoing development of eVTOL aircraft with minimal revenues, the Group relies on funding raised from the Business Combination transaction and other equity investors. Cash flow forecasting is performed on a regular basis which includes rolling forecasts of the Group's liquidity requirements to ensure that the Group has sufficient cash to meet operational needs.

Vertical Aerospace Ltd.

Notes to the Unaudited Condensed Consolidated Interim Financial Information for the six months ended June 30, 2024 and June 30, 2023 (continued)

16 Related party transactions

Key management personnel compensation

Key management personnel are the members of the Board and executive officers.

	June 30, 2024 £ 000	June 30, 2023 £ 000
Salaries and other short term employee benefits	625	460
Payments to defined contribution pension schemes	7	7
Share-based payments	1,325	56
	1,957	523

Aggregate gains made on the exercise of share options for the Directors during the period totalled £nil thousand (June 30, 2023: £8,156 thousand).

Summary of transactions with other related parties

On September 11, 2023 the Company appointed Stuart Simpson as Chief Financial Officer and on May 1, 2024 the Company appointed Stuart Simpson as Chief Executive Officer, replacing Stephen Fitzpatrick who remains a member of the Board of Directors. Subsequent to the period end, on July 1, 2024, Stuart Simpson was awarded 2 million share options, vesting on a quarterly basis until March 31, 2028.

Also on May 1, 2024 the Company appointed Ben Story as a member of the Board of Directors. During the period a total of 322,469 share options and restricted stock units were awarded to independent members of the Board of Directors.

On February 22, 2024 the Company entered into the SF Investment Agreement with Imagination Aero Ltd., a company wholly owned by Stephen Fitzpatrick, pursuant to which Imagination Aero agreed to purchase, and the Company agreed to issue and sell to Imagination Aero, up to $50 million of (i) newly issued ordinary shares and (ii) 50,000,000 SF Warrants. In accordance with the SF Investment Agreement, on March 13, 2024, $25 million in gross proceeds were received and, in the third quarter of 2024, subject to the terms of the SF Investment Agreement, the Company expects to receive up to an additional $25 million in consideration for additional newly issued ordinary shares.

On August 14, 2024, the Company and Imagination Aero mutually agreed an amendment to the SF Investment Agreement, whereby the remainder of Imagination Aero's purchase commitment, comprising up to $25 million of newly issued ordinary shares of the Company, falls due no later than 10 business days of December 31, 2024.

In the first six months of 2024, Imagination Industries Ltd, a company controlled by Stephen Fitzpatrick provided and charged the Group with services totalling £42 thousand (2023: £42 thousand), of which £21 thousand was outstanding as at June 30, 2024 (June 30, 2023: £nil).

17 Correction of error

In March 2024, the Group identified an error related to the classification of the SME tax relief that it generates from HMRC in its statements of income and comprehensive income for the six-month period ended June 30, 2023 and for the three- and nine-month periods ended September 30, 2023. During the periods noted, the tax credit was erroneously classified within other operating income.

Whilst the Group experiences recurring unrelieved trading losses, it elects to surrender such losses and, instead, claim a payable tax credit. Accordingly, the SME tax credit should have been classified as an income tax credit rather than as other operating income within the statements of income and comprehensive income.

Vertical Aerospace Ltd.

Notes to the Unaudited Condensed Consolidated Interim Financial Information for the six months ended June 30, 2024 and June 30, 2023 (continued)

17 Correction of error (continued)

The impact of the restatement on the statement of income and comprehensive income and statement of cash flows is presented in the following tables.

There is no impact on the Unaudited Condensed Consolidated Interim Statements of Financial Position as at June 30, 2023 or September 30, 2023.

The following table presents the effects of the changes in presentation of these amounts, compared to the previously reported Unaudited Condensed Consolidated Interim Statements of Income and Comprehensive Income (in thousands):

	Six Months Ended June 30, 2023		
	As Reported	**Adjustment**	**As Corrected**
Research and development expenses	(27,500)	—	(27,500)
Administrative expenses	(24,266)	—	(24,266)
Related party administrative expenses	(42)	—	(42)
Other operating income	15,845	(12,984)	2,861
Operating loss	**(35,963)**	**(12,984)**	**(48,947)**
Finance income	32,333	—	32,333
Finance costs	(8,140)	—	(8,140)
Net finance income/(costs)	24,193	—	24,193
Loss before tax	**(11,770)**	**(12,984)**	**(24,754)**
Income tax credit	—	12,984	12,984
Net loss for the period	**(11,770)**	—	**(11,770)**

The following table presents the effects of the changes in presentation of these cash flows, compared to the previously reported Unaudited Condensed Consolidated Interim Statements of Cash Flows (in thousands):

	Six Months Ended June 30, 2023		
	As Reported	**Adjustment**	**As Corrected**
Cash flows from operating activities			
Net loss for the period	(11,770)	—	(11,770)
Adjustments to cash flows from non-cash items			
Depreciation and amortization	990	—	990
Depreciation on right of use assets	327	—	327
Finance (income)/costs	(24,193)	—	(24,193)
Share based payment transactions	7,056	—	7,056
Income tax credit	—	(12,984)	(12,984)
	(27,590)	(12,984)	(40,574)
Working capital adjustments			
Decrease/(increase) in trade and other receivables	(863)	1,665	802
Increase/(decrease) in trade and other payables	(4,603)	—	(4,603)
Income taxes received	—	11,319	11,319
Net cash flows used in operating activities	(33,056)	—	(33,056)

Vertical Aerospace Ltd.

Notes to the Unaudited Condensed Consolidated Interim Financial Information for the six months ended June 30, 2024 and June 30, 2023 (continued)

18. Events after the reporting period

On September 16, 2024, the Company held its annual general meeting of shareholders ("AGM") approving a proposal to increase the authorized share capital and number of authorized shares of the Company from (a) $60,000, divided into 500,000,000 ordinary shares of a par value of $0.0001 each and 100,000,000 preferred shares of a par value of $0.0001 each, to (b) $110,000 divided into 1,000,000,000 ordinary shares of par value of $0.0001 each and 100,000,000 preferred shares of a par value of $0.0001 each.

The shareholders also approved a proposal for a reverse share split and consolidation of the Company's ordinary shares and on September 16, 2024 the Company authorized the implementation of the reverse share split effective at a ratio of 1-for-10 with an effective date of September 20, 2024.

Also on September 16, 2024, the Company appointed Vincent Casey as a member of the Board of Directors.