

H1/24/ Shareholder Letter



Highlights

Flight tests of new VX4 prototype

We finished the build of our next full-scale VX4 prototype and began piloted flight tests, completing 20 piloted test sorties to complete Phase 1 of our flight test programme. This more advanced aircraft has 60% of its technology from our tier-one aerospace partners, up from 10% on the previous prototype, marking a significant step towards our final certification aircraft. This is also the first use of our proprietary batteries, designed and developed at our Vertical Energy Centre, in our piloted aircraft. The VX4 went from its first ground test to 'wheels up' in just one week – three times faster than the last prototype – and we are making good progress through our piloted flight test programme.

60%

technology from our tier-one
aerospace partners

Permit to Fly

We received our Permit to Fly from the UK Civil Aviation Authority (CAA) to begin tethered flight tests and our Design Organisation Approval (DOA)

Certification Progress

The UK Civil Aviation Authority (CAA) expanded the scope of our Design Organisation Approval (DOA), which is a requirement for the Type Certification of the VX4 and its entry into service. This positive endorsement of the regulator's confidence in Vertical's engineering and safety procedures was closely followed by the issuance of our Permit to Fly from the CAA to begin tethered, piloted flight tests of our second, more advanced aircraft. At the same time, we are seeing strong regulatory collaboration, with European Union Aviation Safety Agency (EASA) and the CAA agreeing how they will work together on the certification of the VX4.

Financial Discipline

We maintained our industry-leading capital efficiency. The H1 2024 operating loss of £20 million / \$25 million included a cash settlement of \$34 million from Rolls-Royce. Excluding this, and other operating income, the operating loss was £48 million / \$61 million, near unchanged compared to the same period in the prior year. Over the half we also received \$25 million from our Founder, Stephen Fitzpatrick, and we were awarded an £8 million / \$10 million UK Government grant from the Aerospace Technology Institute (ATI) for our next-generation propeller development. Our cash runway extends into Q2 2025 and we are in discussions regarding third-party investment.

Go To Market

We had a hugely successful Farnborough International Airshow, meeting existing and prospective customers, investors, suppliers, regulators and government agencies, who were able to explore the new prototype using our unique Apple Vision Pro experience. We also brought most of our customers together in London for our Pioneers event in Q2 to bring them up to speed on the latest developments and hear their feedback. Our OEM model – our strategy since day one – means we have optimised the VX4 to meet our customers' needs as we maintain close contact with them and incorporate their feedback into aircraft designs and our services.



Aircraft 2 Tethered Hover

Our People

We continue to attract world-class aerospace professionals to join us including Martyn Ashford, Head of Aircraft Programmes Development from Leonardo during the half. We also appointed Ben Story to the Board 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 FTSE 100 Burberry Group plc, and FTSE 250 Aston Martin Lagonda plc, where she supported successful capital raises. In September Vincent Casey, former Vertical Board member and CFO, also returned to the Board.

Dear Shareholders,

I am delighted to be writing to you for the first time as CEO of Vertical Aerospace. Having led technology, automotive and logistics businesses previously, I am aware of the challenges that lie ahead but remain undaunted and highly energised by the task at hand. In addition, I remain deeply impressed by the phenomenal engineers we have and progress we are making here in Bristol and Kemble as we build the next generation of aviation in the UK.

In the 12 months I have both been in the business and leading it as CEO, we have delivered our most advanced full-scale VX4 prototype and commenced our piloted flight test programme. This aircraft, and its subsequent identical twin, will validate our advanced technology. We believe it is critical we build and fly full-scale aircraft – with a pilot onboard – before we build our certification aircraft.

We are taking this prototype through a rigorous piloted flight test campaign. We have already successfully completed Phase 1 of our piloted flight test campaign: tethered flights and will now move through thrustborne and wingborne (or conventional take-off and landing CTOL) phases before culminating in transition flights (thrustborne to wingborne and then back to thrustborne, combined with VTOL). After we have concluded our piloted flight test programme, we will begin our piloted public flight demonstration campaign.

For the first time, this next generation prototype includes our proprietary battery packs, designed and developed at the Vertical Energy Centre, as well as our own propeller technology. The aircraft has 60% of the technology from our tier-one aerospace partners and piloted flight tests have already shown the aircraft's incredible stability – particularly in ground effect, typically one of the most challenging flight conditions.

Ultimately, these aircraft will require a pilot for the foreseeable future, which is why flying with one now, in a full-scale prototype, is so critical – driving speed of learning and

generating regulatory and customer confidence.

Whilst the industry has come far over recent years, piloted flight tests are relatively uncommon. This is especially true from eVTOLs with the greatest commercial opportunity: those designed to fly multiple passengers and luggage. By flying piloted with our final VX4 prototypes over 2024 and 2025, we have had to design and assemble them to the highest of safety standards. By progressing through our piloted test flight programme, I believe we will dramatically lower the risk profile of the development of the final certification VX4 and ensures a smooth path to certification.

I am encouraged that our new team led by Charlotte Cowley, as our Director of Strategic Finance, with Ben Story, formerly of Citi and Rolls-Royce supporting as a non-executive director, are laying the groundwork for future fundraising. Our current cash runway takes us into Q2 2025 and we are in discussions regarding third-party investment.

I thoroughly enjoyed my first Farnborough International Airshow as CEO – I was invigorated by the conversations I had with our customers, suppliers, investors, analysts, government agencies and regulators. They believe in our incredible product and share my excitement in the progress we are making.

This could not be a more exciting time to follow Vertical as we accelerate through our piloted flight tests and work hand-in-glove with the UK Civil Aviation Authority, our home regulator, on the path to certification.

Stuart Simpson



Prototype & Testing

New VX4 prototype

We have significantly upgraded this next-generation full-scale VX4 prototype, which marks a key step towards our certification of the aircraft. The aircraft has 60% of its technology from our tier-one aerospace partners, which it has been designed and built alongside; global aerospace suppliers with decades of certification experience between them, including GKN Aerospace, Honeywell, Hanwha, Molicel, Leonardo and Syensqo. In addition, it features Vertical's next generation propellers and new proprietary battery technology.

With an impressive 20% increase in the power-to-weight ratio, the aircraft is designed to reach speeds of up to 150 mph – the certification aircraft's intended cruise speed. It's clear we're learning fast with this prototype moving from its first ground test to 'wheels up' in one week – three times quicker than the previous prototype.

Aircraft 2 Tethered Hover



Aircraft 2 Updates

Gen2 Fuselage
(lower weight & improved crashworthiness)

Wing & empennage
(lower weight)

Gen2 Aft propeller
(more thrust & less noise)

EWIS & FTI
(lower weight & segregation)

Gen2 EPU / Inverters
(higher power & lower weight)

Gen2 & Power architecture
(higher redundancy & lower weight)

Gen2 Flight control inceptors
(lower weight)

Gen2 Flight control software
(flight envelop expansion & CAN bus logic V2)

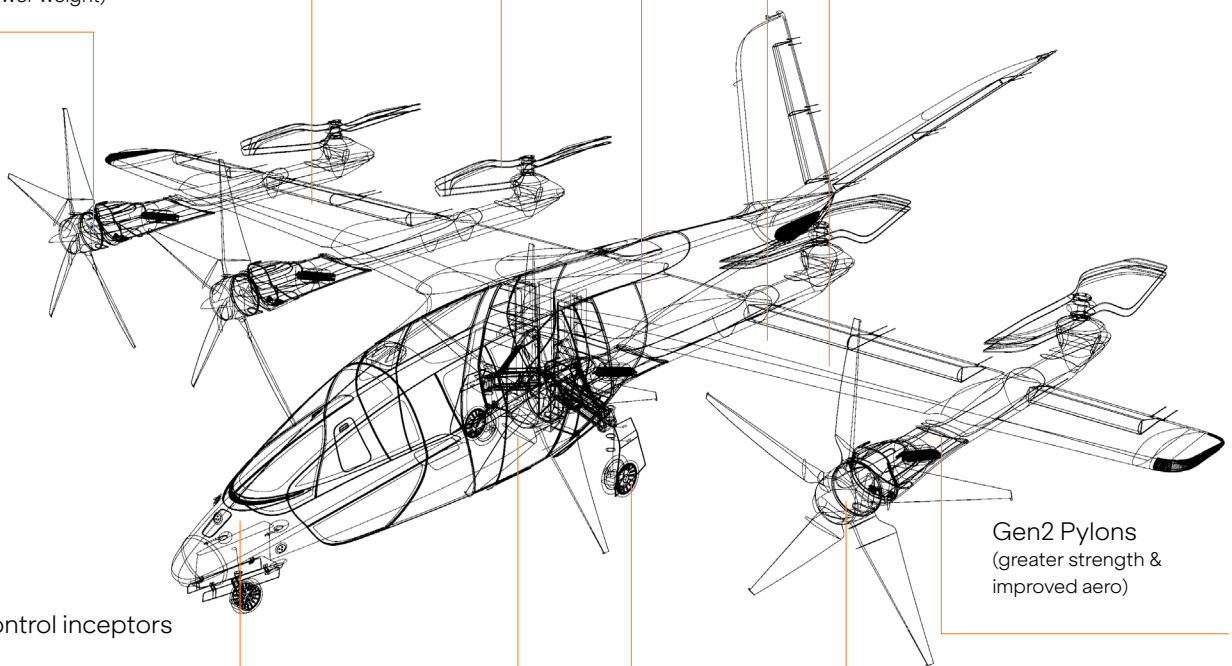
Gen2 Battery
(higher power density)

Landing gear
(lower weight & less drag)

Gen2 Pylons
(greater strength & improved aero)

Gen2 Propeller blades
(higher thrust & lower noise)

Propeller blade pitch
(PBP) system
(flight envelope expansion)



EWIS – Electrical Wiring Interconnection Systems

FTI – Flight Test Instrumentation

EPU – Electric Propulsion Unit

Key new features of the latest full-scale VX4 prototype

Aerospace partner technology and certification expertise.

60% of the technology and components included on the latest aircraft are from world leading aerospace partners, up from 10% on the previous prototype. It is our most advanced prototype yet and a significant step closer to the aircraft that we will take through to certification. Not only did GKN Aerospace, Hanwha, Honeywell, Leonardo, Molicel and Syensqo provide technology for the aircraft, but we gained valuable experience in learning how to efficiently collaborate, develop and work together with these tier-one aerospace partners and this experience will stand us in good stead for certification.

All new powertrain designed and built for aviation.

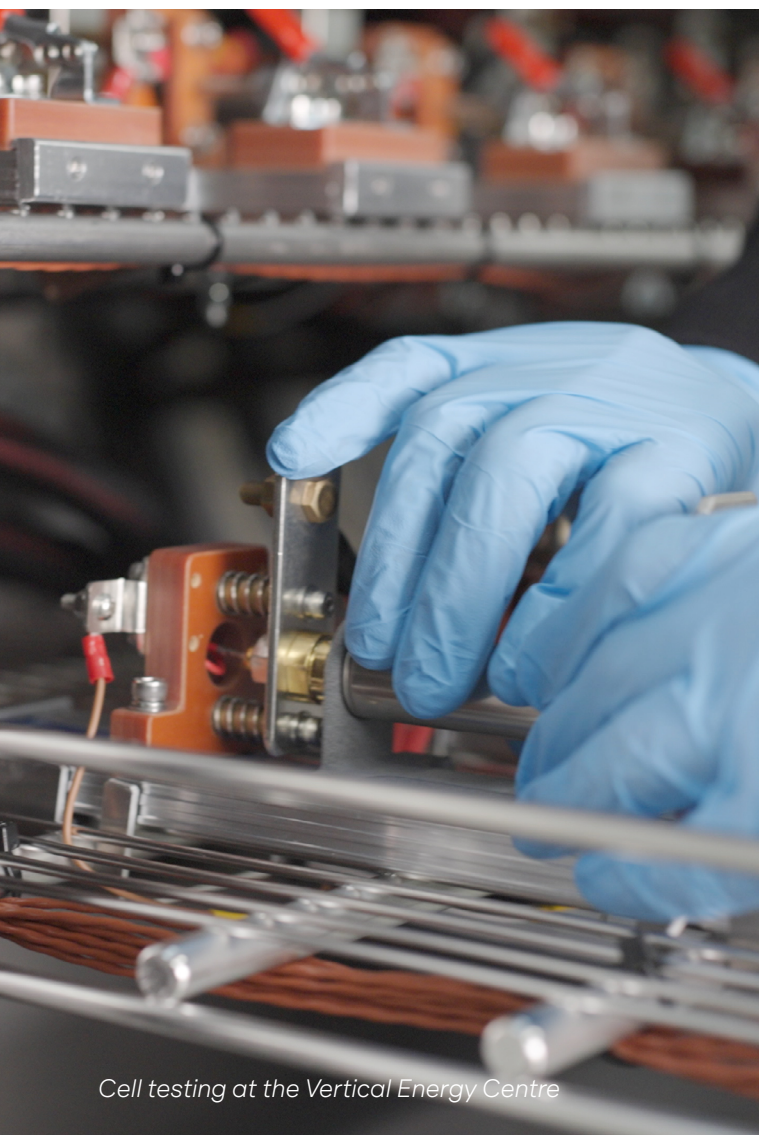
Our battery and power distribution system, developed at the Vertical Energy Centre, is powerful and light. It is capable of delivering 1.4 MW of peak power, has rapid charge time and built-in redundancy. The VX4's batteries are being designed to meet the performance, safety, operational and commercial requirements of eVTOL and this is the first time our own batteries have been used on our full-scale prototype. The electronics, software and design of the battery have all been developed in-house and the new aircraft also features new, more powerful electronic propulsion units.

Next generation propellers.

Vertical's new propellers have been designed by our in-house team of experts specifically for eVTOL operation. The new propeller design is leading to improved performance in testing, and they have been developed to optimise for low noise. The manufacturing process means the propellers are made of carbon fibre composite using a single-shot cure process to maximise integrity. Their aerodynamic shape has been specifically designed to maximise performance across both hover and cruise.

Aircraft 3

Vertical is currently developing an identical full-scale prototype which will accelerate the VX4's flight test programme and demonstration capability. We will take flight test lessons from both prototypes into the final design and development of the certified VX4 model. By building and undertaking piloted flying of multiple full-scale prototypes before moving to our certification aircraft, we are validating our technology and ensuring we build the best possible aircraft for our customers and their passengers.



Cell testing at the Vertical Energy Centre

Flight tests – Phase 1 Complete

The flight tests have already shown the aircraft's incredible stability – particularly in ground effect, typically one of the most challenging flight conditions. During the 20 piloted test sorties, 35,000 flight and system parameters were measured – verifying thrust, handling qualities and system performance aligned to our expectations from our modelling, systems testing and simulations.

One critical test that was successfully undertaken was simulating the failure of one Electric Propulsion Unit (EPU) while in piloted tethered flight, to ensure the aircraft responds correctly and continues to be safe while in flight conditions. Often the most complex flight condition is in ground effect and this was safely navigated with smooth handling of the aircraft throughout.

As soon as we have received permission from the CAA to expand the flight envelope, the full-scale prototype will enter the second phase of testing which will start with untethered piloted thrustborne flights. This will see the aircraft take-off and land vertically and conduct low speed flight manoeuvres with lift generated by the propellers. Piloted wingborne or conventional flight (CTOL) and the final critical test stage of piloted transition flight will follow.



Wheeling Aircraft 2 Out For Tests

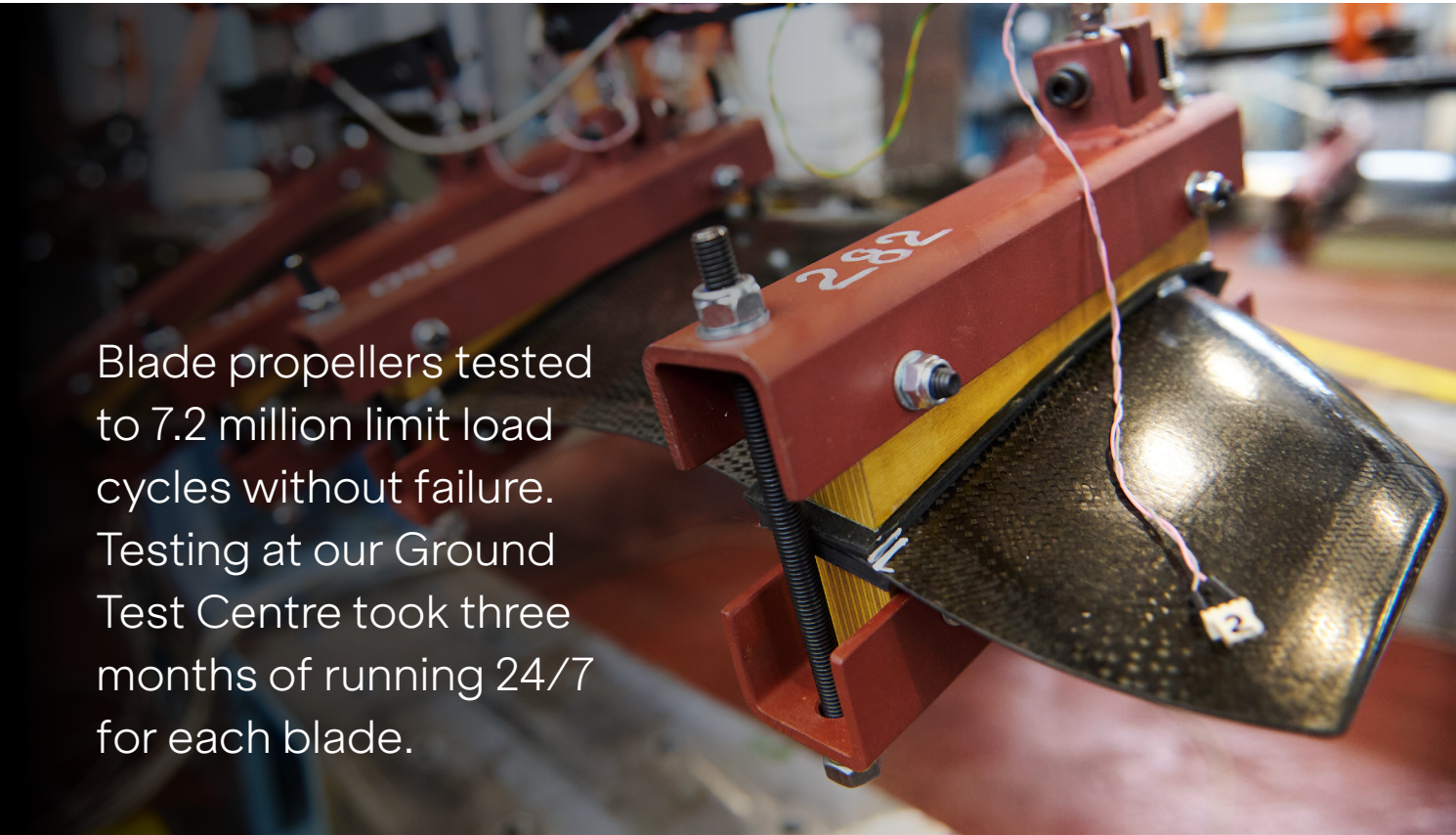
Flight test is one of the most exciting parts of our testing programme but **over the first half of this year, our highly skilled test team has led a comprehensive programme of system and component testing using the latest technology.** This has ensured our next-generation VX4 prototype is as safe and efficient as possible and ready for this 'wheels up' phase of testing:

In the last few months, the Vertical Integrated Test Lab (VITL), also known as **the 'Iron Bird', conducted nearly 3,000 hours of testing across real aircraft hardware and flight control computers** to verify how the technology we have developed in-house performs alongside the technology developed by our aerospace partners.

To demonstrate the durability of our second-generation propeller design, both forward and aft blades have been tested to 7.2million limit load cycles each without failure and been subjected to a residual strength test to confirm they can still withstand ultimate extreme loads at the end of life. The testing at our Ground Test Centre took three months of 24/7 running to complete each blade.

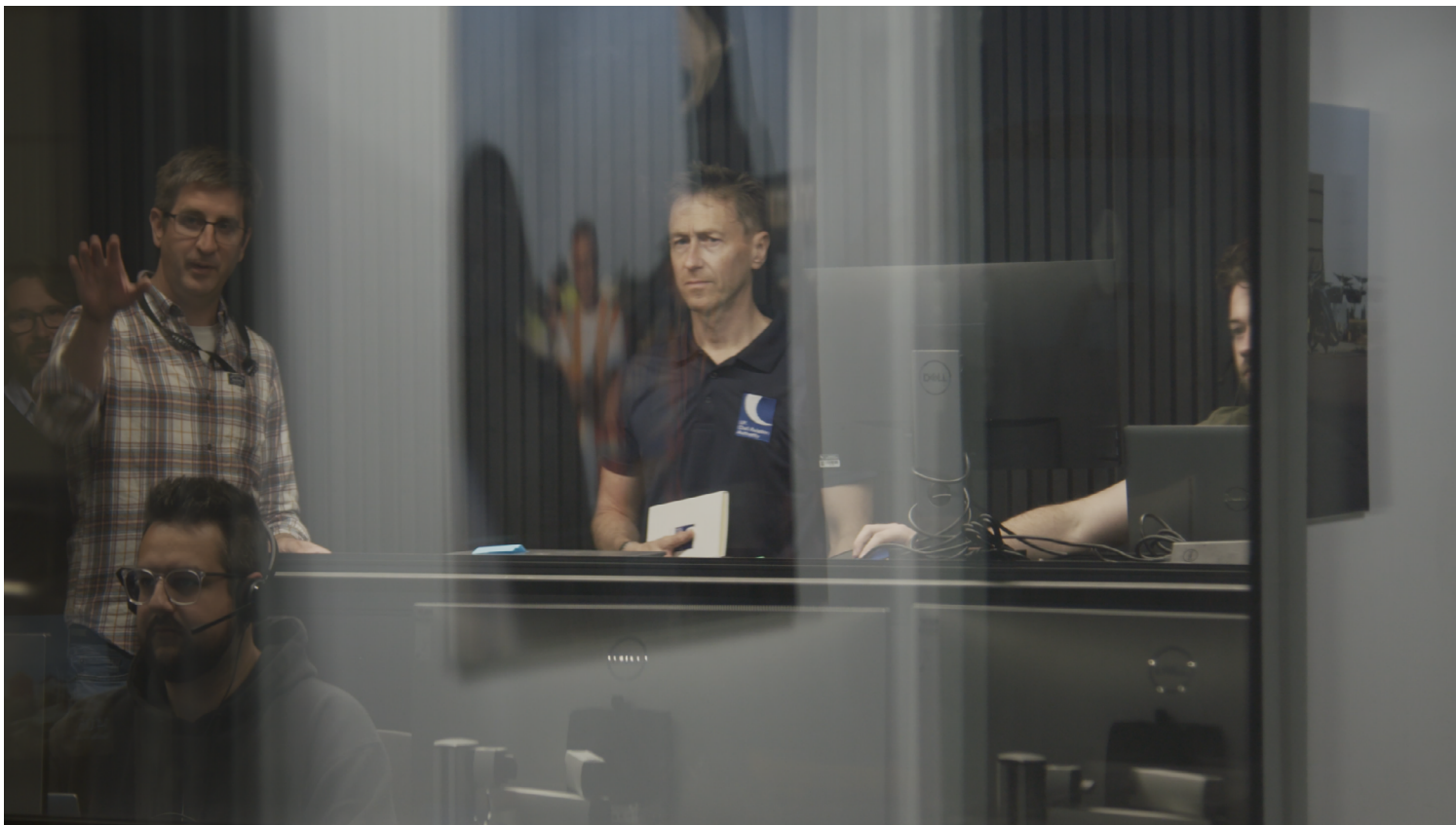
Vertical was one of the first eVTOL companies to carry out a drop test on its battery in 2020, and **this latest battery pack is the fifth iteration since the company was formed, and the first time our proprietary packs, that we have developed in-house, are being used to power a VX4 prototype.**

The battery and powertrain system, developed at the Vertical Energy Centre (VEC), can generate 1.4MW of power, has rapid charge time and has built-in redundancy. Our cell testing at the VEC is proving our batteries' durability and performance in simulated flight environments. We have conducted thermal, dynamic and endurance performance verification of both our bespoke forward and aft propeller assemblies on our new high-performance Electric Propulsion Units (EPU).



Blade propellers tested to 7.2 million limit load cycles without failure. Testing at our Ground Test Centre took three months of running 24/7 for each blade.

Certification Progress



Rob Bishton, CEO of the CAA visits Vertical HQ

The CAA expanded our Design Organisation Approval (DOA) – showing our home regulator’s increasing confidence in our engineering capability and safety procedures.

We continue to have good engagement with our regulators and key political stakeholders. Rob Bishton, CEO of the CAA; senior representatives from the Federal Aviation Administration (FAA) and the Japan Civil Aviation Bureau and Kerry McCarthy MP, recently appointed Climate Change Minister in the new Labour Government, have all visited our HQ recently.



Kerry McCarthy MP, Michael Cervenka and Will Nathan

With EASA amending SC-VTOL and the FAA publishing an equivalent Advisory Circular, we are seeing encouraging signs of greater regulatory harmonisation.

With EASA amending SC-VTOL and the FAA publishing an equivalent Advisory Circular, **we are seeing encouraging signs of greater regulatory harmonisation.** We have reviewed these documents to see how SC-VTOL – our certification basis – compares with the FAA’s framework. We have subsequently proposed our validation basis to the FAA; we are confident that there will be continued efforts to synchronise the regulatory approaches.

As we announced in July, EASA and the CAA have agreed how they will collaborate on the certification of Vertical’s VX4. Whilst they have been working closely already, this agreement sets the foundations for their certification experts to apply common standards and work together towards concurrent certification and validation of the VX4.

The CAA has issued a Permit to Fly for our latest prototype following a rigorous evaluation of the engineering, design, test data and aircraft, a key stage in the development of our programme towards our certification aircraft. Vertical must submit further documentation to the CAA to move through each piloted flight phase, including extensive, detailed documentation covering every aspect from safety protocols and engineering specifications to operational procedures. **By the time the CAA have approved the commencement of the wingborne phase of our test campaign, we will effectively have completed a “mini certification” programme.**

Our Certification Basis is SC-VTOL which means certifying to a 10-9 safety standard – the highest in aviation. **We have thoroughly reviewed SC-VTOL’s published Means of Compliance (MOC) as set out by EASA and confirmed by the CAA. These published MOC are expected to cover the vast majority of SC-VTOL requirements applicable to the VX4.** For the remaining minority of provisions, they will either be deemed non-applicable to us, or we will develop specific MOC in collaboration with the CAA and EASA. Our approach significantly streamlines the certification process, ensuring the VX4 meets the highest safety and regulatory standards efficiently.

Go To Market



In April, we hosted representatives of our global customers, which include airlines, helicopter operators and lessors, bringing them together for our latest Vertical Pioneer's Event. Over two days, Vertical's senior team updated them on our VX4 programme, with topics including pathway to certification, operating economics for our certification aircraft and hearing from our partners CAE (the world-leading pilot training providers) and Skyports Infrastructure, who are building the UK's first vertiport testbed.

We were also back at Farnborough International Airshow two years on from our first show, hosting existing and prospective customers, investors, suppliers, regulators and government agencies in our chalet, who were able to explore the new prototype using our Apple Vision Pro experience.

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 now participate in tenders that the Royal Navy will put out, allowing Vertical to benefit from 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.



We also held valuable focus groups to capture customer inputs to shape the VX4's capability and Vertical's services for global operations. The event culminated with a visit to the Vertical Flight Test Centre to see the full-scale VX4 prototype build and hear directly from our Chief Test Pilot on the progress of our piloted flight test programme.

Financials

We maintained our industry-leading capital efficiency in the half as we neared completion of the assembly of our flying full-scale prototype (final build completed in July). The H1 2024 operating loss was £20 million / \$25 million, which includes \$34 million received from Rolls-Royce. Excluding this, and other operating income, the operating loss was £48 million / \$61 million near unchanged compared to the same period in the prior year – H1 2023 operating loss £49 million / \$60 million.

Over H1, we have brought in significant funds including £28 million / \$34 million from Rolls-Royce, as part of our settlement agreement; \$25 million in funding from our Founder, Stephen Fitzpatrick and were awarded an

£8 million / \$10 million UK Government grant from the Aerospace Technology Institute for our next-generation propeller development. As of June 30, 2024, we had cash and cash equivalents of £67 million / \$84 million.

The 2024 capital plan continues to remain on track, with net cash outflows to be used in operating activities in the second half of the year expected to be between £40 million to £45 million. As of 17 September 2024, the date of our H1 filing, we had approximately £48 million / \$63 million of cash and cash equivalents on hand. Net cash outflows incurred in the second half of 2024 will be in relation to the advancement of our airborne flight test programme, with our cash runway extending into Q2 2025.



Vertical's upcoming conferences:

1. Up Summit
30 September – 3 October, Arkansas, USA
3. Barclays Global Automotive and Mobility Tech Conference
20 – 21 November, New York, USA
4. UBS Global Industrials and Transportation Conference
3 – 5 December, Manalapan, Florida, USA

Forward-Looking Statements

This letter 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 business strategy and plans and objectives of management for future operations, including the building and testing of our prototype aircrafts on timelines projected, 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, statements regarding completion of the committed funding from Company's founder, majority owner, and CEO, our plans to mitigate the risk that we are unable to continue as a going concern, our future results of operations and financial position, 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 ability 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.