

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

**FORM 20-F**

- (Mark One)  REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934  
OR  
 ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
 For the fiscal year ended December 31, 2024  
 OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
 For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
 OR  
 SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
 Date of event requiring this shell company report  
 Commission file number 001-41169

**Vertical Aerospace Ltd.**  
(Exact name of Registrant as specified in its charter)

Not Applicable  
(Translation of Registrant's name into English)

Cayman Islands  
(Jurisdiction of incorporation or organization)

Vertical Aerospace Ltd.  
Unit 1 Camwal Court, Chapel Street  
Bristol BS2 0UW  
United Kingdom  
(Address of principal executive offices)

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Vertical Aerospace Ltd.  
Unit 1 Camwal Court, Chapel Street  
Bristol BS2 0UW  
United Kingdom

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Title of each class	Securities registered or to be registered pursuant to Section 12(b) of the Act Trading Symbol(s)	Name of each exchange on which registered
Ordinary shares, par value \$0.001 per share	EVTL	New York Stock Exchange
Securities registered or to be registered pursuant to Section 12(g) of the Act: None Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None Indicate the number of outstanding shares of each of the issuer's classes of capital stock or common stock as of the close of the period covered by the annual report. 69,542,515 ordinary shares. Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Note—Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections. Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act. <input type="checkbox"/> Large accelerated filer <input checked="" type="checkbox"/> Accelerated filer <input type="checkbox"/> Non-accelerated filer <input checked="" type="checkbox"/> Emerging growth company If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. <input type="checkbox"/> † The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012. Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. <input type="checkbox"/> If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. <input type="checkbox"/> Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). <input type="checkbox"/> Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing: <input type="checkbox"/> U.S. GAAP <input checked="" type="checkbox"/> International Financial Reporting Standards as issued by the International Accounting Standards Board <input type="checkbox"/> Other If "Other" has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow. Item 17 <input type="checkbox"/> Item 18 <input type="checkbox"/> If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		

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## ABOUT THIS ANNUAL REPORT

Except where the context otherwise requires or where otherwise indicated in this Annual Report on Form 20-F (the “Annual Report”), the terms “Vertical,” the “Company,” “we,” “us,” “our,” “our company” and “our business” refer to Vertical Aerospace Ltd., together with its consolidated subsidiaries as a consolidated entity.

## SELECTED DEFINITIONS

The following terms used in this Annual Report are defined below, unless where context otherwise requires:

“*2021 Incentive Plan*” means the Vertical Aerospace Ltd. 2021 Incentive Award Plan, as amended and restated, filed as Exhibit 4.3 to this Annual Report.

“*2025 Offering*” means the Company’s public offering of Units, each Unit consisting of (i) one ordinary share, (ii) one-half of one Tranche A Warrant, and (iii) one-half of one Tranche B Warrant, for aggregate gross proceeds of \$90,000,000, which closed on January 24, 2025.

“*AAM*” means advanced air mobility, with reference to the advanced air mobility market.

“*American*” means American Airlines Inc.

“*American Commercial Warrant Shares*” means the Ordinary Shares represented by Warrant B, Warrant C, Warrant D, Warrant E, Warrant F and Warrant G (as such terms are defined in the American Warrant Instrument) to be issued to American in accordance with the American Warrant Instrument.

“*American Warrant Instrument*” means the warrant instrument entered into by Vertical immediately following the Closing, as amended and restated on July 15, 2022, pursuant to which, among other things, American received warrants exercisable for ordinary shares and shall receive additional warrants exercisable for ordinary shares upon placement of certain legally binding commitments for additional aircraft or payment of certain commitment fees.

“*Articles*” means the amended and restated memorandum and articles of association of Vertical Aerospace Ltd. as in effect from time to time.

“*Avolon*” means Avolon e Limited, its shareholders or a member of the Avolon Group (as applicable).

“*Avolon Commercial Warrant Shares*” means the Ordinary Shares represented by Warrant C1 and Warrant C2 (as such terms are defined in the Avolon Warrant Instrument) to be issued to the Avolon Warrant holders in accordance with the Avolon Warrant Instrument.

“*Avolon Group*” means Avolon Holdings Limited and each of its subsidiaries from time to time.

“*Avolon Warrant holders*” means the shareholders of Avolon e Limited.

“*Avolon Warrant Instrument*” means the warrant instrument entered into by Vertical immediately following the Closing pursuant to which, among other things, the Avolon Warrant holders received warrants exercisable for ordinary shares.

“*Babcock International*” means Babcock Aerospace Limited.

“*Board*” means the board of directors of the Company.

“*Bristow*” means Bristow Group Inc.

“*British pounds sterling*” or “*£*” means the legal currency of the United Kingdom.

“*Broadstone*” means Broadstone Acquisition Corp., a Cayman Islands exempted company.

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“*Business Combination*” means the Merger, the Share Acquisition, and the other transactions contemplated by the Business Combination Agreement.

“*Business Combination Agreement*” means the Business Combination Agreement, dated as of June 10, 2021, as amended, by and among, *inter alia*, Broadstone, Merger Sub, Vertical, VAGL and the VAGL Shareholders.

“*CAA*” means the United Kingdom’s Civil Aviation Authority.

“*Closing*” means the closing of the Business Combination on December 16, 2021.

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Companies Act*” means the Companies Act (as amended) of the Cayman Islands, as amended, modified, re-enacted or replaced.

“*Convertible Loan Note Instrument*” means the convertible loan note instrument of VAGL dated March 11, 2021.

“*Convertible Notes Warrants*” means the 4,000,000 warrants, ten of which are exercisable for one ordinary share at an exercise price of \$115.00 per ordinary share (as adjusted for the Reverse Share Split), and which were issued to Mudrick Capital immediately after Closing pursuant to the Convertible Senior Secured Notes Subscription Agreement.

“*Convertible Senior Secured Notes*” means the convertible senior secured notes of Vertical, upon their issuance, due 2026 with an aggregate principal amount of \$200,000,000 and bearing interest at a rate of 7.00% per annum for cash interest or 9.00% per annum paid-in-kind at the election of Vertical paid semi-annually in arrears, as amended by the First Supplemental Indenture to extend their maturity to 2028 and bear interest at a rate of 10.00% per annum for cash interest or 12.00% per annum paid-in-kind, semi-annually in arrears.

“*Convertible Senior Secured Notes Shares*” means the ordinary shares into which the Convertible Senior Secured Notes are convertible pursuant to the Convertible Senior Secured Notes Subscription Agreement.

“*Convertible Senior Secured Notes Subscription Agreement*” means the subscription agreement, dated October 26, 2021, entered into between Vertical, Broadstone and Mudrick Capital, pursuant to which, among other things, Vertical agreed to issue and sell the Convertible Senior Secured Notes in a private placement that closed concurrently with the Business Combination.

“*Convertible Senior Secured PIK Shares*” means the ordinary shares representing the total amount of PIK Interest that may be issued to the Convertible Senior Secured Notes Investor.

“*Earn Out Shares*” means 3,500,000 ordinary shares issued at the Closing to the VAGL Shareholders and Loan Note Holders, as adjusted for the Reverse Share Split, which are held subject to restrictions and are subject to forfeiture until Vertical satisfies certain milestones.

“*EASA*” means the European Union Aviation Safety Agency.

“*EMI Option Agreements*” means certain option agreements entered into on March 15, 2022 between the Company and certain employees of the Company and its subsidiaries as replacement option agreements for share options previously granted over shares in VAGL that were exchanged for options of equivalent value over ordinary shares in the Company, which options are intended to be tax qualifying enterprise management incentive options under Schedule 5 of the U.K. Income Tax (Earnings and Pensions) Act 2003, a form of which is filed as Exhibit 4.3 to this Annual Report.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*FAA*” means the United States Federal Aviation Authority.

“*First Supplemental Indenture*” means the first supplemental indenture to the Indenture, dated December 23, 2024, between the Company and U.S. Bank Trust Company, National Association, acting as trustee and collateral agent for the Convertible Senior Secured Notes.

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“*Flightpath 2030*” means Vertical’s strategy and 2030 goals, as announced in November 2024.

“*FLYINGGROUP*” means FLYING GROUP HOLDING NV.

“*Iberojet*” means Evelop Airlines SL, a subsidiary of Avoris Corporacion Empresarial.

“*IFRS*” refers to International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

“*Imagination Aero*” means Imagination Aero Investments Limited, a company wholly owned by Stephen Fitzpatrick, incorporated in England and Wales.

“*Indenture*” means the indenture governing the Convertible Senior Secured Notes as entered into between Vertical, Broadstone as guarantor, VAGL as guarantor and U.S. Bank National Association as trustee and collateral agent for the Convertible Senior Secured Notes.

“*Initial Virgin Atlantic Warrants*” means 2,625,000 warrants to purchase ordinary shares issued to Virgin Atlantic immediately after Closing in accordance with the Virgin Atlantic Warrant Instrument.

“*Investment Agreement*” means the Investment Agreement dated as of December 20, 2024, by and among the Company, VAGL, Imagination Aero, and Mudrick Capital.

“*IRS*” means the U.S. Internal Revenue Service.

“*JOBS Act*” means the Jumpstart Our Business Startups Act.

“*Kakao*” means Kakao Mobility.

“*Leonardo*” means Leonardo S.p.A.

“*Loan Note Holders*” means Microsoft Corporation and Rocket Internet SE (each a Loan Note Holder).

“*Marubeni*” means Marubeni Corporation.

“*Merger*” means the merger of Merger Sub with Broadstone, with Broadstone surviving such merger, prior shareholders of Broadstone receiving securities of Vertical, and Broadstone becoming a wholly owned subsidiary of Vertical.

“*Merger Sub*” means Vertical Merger Sub Ltd., a Cayman Islands exempted company.

“*Molicep*” means E-One Moli Energy Corp.

“*Mudrick Capital*” means Mudrick Capital Management L.P., the third party investor who subscribed for the Convertible Senior Secured Notes on behalf of certain funds, investors, entities or accounts that are managed, sponsored or advised by it or its affiliates.

“*Nomura*” means Nomura Securities International, Inc.

“*Nomura Registration Rights Agreement*” means the registration rights agreement, dated as of August 5, 2022, by and between Vertical and Nomura.

“*NYSE*” means the New York Stock Exchange.

“*OEM*” means original equipment manufacturers.

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“*ordinary resolution*” means an ordinary resolution under Cayman Islands law, being the affirmative vote of the holders of a majority of the issued ordinary shares of the company that are present in person or represented by proxy and entitled to vote thereon and who vote at the general meeting.

“*ordinary shares*” means the ordinary shares, par value \$0.001 per share, of Vertical Aerospace Ltd., unless otherwise specified.

“*PCAOB*” means the Public Company Accounting Oversight Board.

“*PFIC*” means passive foreign investment company.

“*PIK Interest*” means the 9.00% per annum paid-in-kind interest that can be paid semi-annually, at our option, and are convertible for ordinary shares due under the Convertible Senior Secured Notes.

“*PIPE*” or “*PIPE Financing*” means the sale of 9,400,000 ordinary shares to the PIPE Investors at a purchase price of \$10.00 per ordinary share.

“*PIPE Investment*” means the aggregate cash consideration of ninety-four million dollars (\$94,000,000).

“*PIPE Investors*” means those certain investors who were party to the Subscription Agreements in connection with the PIPE Financing, which was composed of the following: (i) American; (ii) Avolon; (iii) Rolls-Royce Plc; (iv) Standard Latitude Master Fund Ltd.; (v) Honeywell International Inc.; (vi) Microsoft Corporation; (vii) Stephen Fitzpatrick; (viii) Kouros SA; and (ix) the Sponsor.

“*Public Warrant Agreement*” means the warrant agreement governing the Public Warrants.

“*Public Warrants*” means the public warrants of Vertical Aerospace Ltd., ten (10) of such warrants entitling the holder thereof to purchase one (1) ordinary share (as adjusted for the Reverse Share Split).

“*Purchase Agreement*” means the share purchase agreement, dated as of August 5, 2022, and amended and restated on September 22, 2022, by and between Vertical and Nomura Securities International, Inc.

“*Registration Rights Agreement*” means the registration rights agreement entered into by Vertical, the Sponsor, American, the Avolon Warrant holders and the VAGL Shareholders at the closing of the Merger in connection with the Business Combination.

“*Reverse Share Split*” means the reverse share split and consolidation of the Company’s ordinary shares approved by shareholders at the 2024 annual general meeting of shareholders and authorized by the Board at a ratio of 1 for 10, effective as of 4:01 p.m. (Eastern Time) on September 20, 2024.

“*SEC*” means the U.S. Securities and Exchange Commission.

“*Second Supplemental Indenture*” means the second supplemental indenture to the Indenture, dated December 23, 2024, between the Company and U.S. Bank Trust Company, National Association, acting as trustee and collateral agent for the Convertible Senior Secured Notes.

“*Securities Act*” means the U.S. Securities Act of 1933.

“*Senior Management*” refers to those persons named as officers of Vertical in the section titled “Management.”

“*SF Investment Agreement*” means the investment agreement, dated February 22, 2024, by and between the Company and Imagination Aero, a company wholly owned by Stephen Fitzpatrick.

“*SF Investment*” means the purchase by Imagination Aero, a company wholly owned by Stephen Fitzpatrick, of 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, subject to the terms and conditions set out in the SF Investment Agreement.

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“*SF Warrant*” means 50,000,000 warrants of the Company originally issued pursuant to the terms of the SF Investment Agreement and governed by the SF Warrant Instrument, ten of which entitling the holder or holders thereof to purchase one ordinary share at an exercise price of \$50.00 per ordinary share (as adjusted for the Reverse Share Split).

“*SF Warrant Instrument*” means the warrant instrument relating to the SF Warrants, dated as of the closing of the initial investment under the SF Investment Agreement.

“*Share Acquisition*” means the acquisition by Vertical all of the issued share capital of VAGL in consideration for the issue to the VAGL Shareholders of ordinary shares, such that VAGL became a direct wholly owned subsidiary of Vertical.

“*special resolution*” means a special resolution under Cayman Islands law, being the affirmative vote of the holders of at least a two-thirds (2/3) majority of the issued ordinary shares of the company that are present in person or represented by proxy and entitled to vote thereon and who vote at the general meeting.

“*Sponsor*” means Broadstone Sponsor LLP, a United Kingdom limited liability partnership.

“*Subscription Agreements*” means the subscription agreements, each dated as of June 10, 2021, entered into by Broadstone, Vertical and the PIPE Investors, as amended and restated on October 26, 2021, pursuant to which the PIPE Investors have agreed to purchase an aggregate of 9,400,000 ordinary shares immediately before the Closing at a purchase price of \$10.00 per share.

“*Tranche A Warrants*” means the Company’s public Tranche A warrants issued as a part of the 2025 Offering, entitling the holder to purchase one ordinary share at a price of \$6.00 per ordinary share, subject to adjustment, terms and limitations.

“*Tranche B Warrants*” means the Company’s public Tranche B warrants issued as a part of the 2025 Offering, entitling the holder thereof to purchase one ordinary share at a price of \$7.50 per ordinary share, subject to adjustment, terms and limitations.

“*U.K.*” means the United Kingdom.

“*U.S.*” means the United States of America.

“*U.S. dollar*” and “*\$*” mean the legal currency of the United States.

“*U.S. GAAP*” means United States generally accepted accounting principles.

“*VAGL*” means Vertical Aerospace Group Ltd., a private limited company incorporated under the laws of England and Wales, and is a wholly owned subsidiary of Vertical Aerospace Ltd.

“*VAGL Shareholders*” means the shareholders of VAGL named as a party to the Business Combination Agreement.

“*Virgin Atlantic*” means Virgin Atlantic Limited.

“*Virgin Atlantic Commercial Warrant Shares*” means the ordinary shares represented by Warrant B, Warrant C and Warrant D (as such terms are defined in the Virgin Atlantic Warrant Instrument) to be issued to Virgin Atlantic in accordance with the Virgin Atlantic Warrant Instrument.

“*Virgin Atlantic Warrant Instrument*” means the warrant instrument by and between Vertical and Virgin Atlantic, dated October 29, 2021, pursuant to which, among other things, immediately after Closing, Virgin Atlantic received warrants exercisable for ordinary shares.



## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report 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 fact contained in this Annual Report, including without limitation, statements regarding the design and manufacture of our electric vertical takeoff and landing (“eVTOL”) aircraft, our future results of operations and financial position, business strategy and plans and objectives of management for future operations, including, among others, statements regarding the guidance as described under Item 4. “*Information on the Company*” and Item 5. “*Operating and Financial Review and Prospects*,” 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, our ability to achieve regulatory certification of our aircraft product on any particular timeline or at all, and factors and trends affecting our business 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 business has grown rapidly and expects to continue to grow significantly, and any failure to manage that growth effectively could harm our business;

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- 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 Item 3.D. “*Risk Factors*.”

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 Annual Report. 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](http://www.sec.gov), and which you are advised to consult.

You should read this Annual Report and the documents that we reference in this Annual Report and have filed with the SEC as exhibits to this Annual Report with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect.

### MARKET AND INDUSTRY DATA

This Annual Report contains estimates, projections and other information concerning our industry, including market size and growth of the market in which we participate that are based on industry publications and reports and forecasts prepared by our management. In some cases, we do not expressly refer to the sources from which these estimates and information are derived. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to these estimates.

Certain estimates of market opportunity, including internal estimates of our addressable market and forecasts of market growth included in this Annual Report may prove inaccurate. Market opportunity estimates and growth forecasts, whether obtained from third party sources or developed internally, are subject to significant uncertainty and are based on assumptions and estimates that may prove to be inaccurate. The estimates and forecasts in this Annual Report relating to the size of our target market, market demand and adoption, capacity to address this demand and pricing may prove to be inaccurate. Our addressable market estimates may not materialize for many years, if ever, and even if the markets in which we compete meet the size estimates in this Annual Report, our business could fail to successfully address or compete in such markets, if at all. We obtained certain information from the following sources:

- Size of the global helicopter market 2019-2027 – Statista, 2022 taken together with Ride-hailing & Taxi - Worldwide – Statista, 2022, the “reports taken together the “Statista Reports””;
- eVTOL/Urban Air Mobility TAM Update: A Slow Take-Off, But Sky’s the Limit — Morgan Stanley Research (“Morgan Stanley”); and
- Taxi and private hire vehicle statistics, England, 2024 (revised) – UK Government Department for Transport, January 2025.

Industry publications, research, studies and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as the other forward-looking statements in this Annual Report. These forecasts and forward-looking information are subject to uncertainty and risk due to a variety of factors, including those described under Item 3.D. “*Risk Factors*.” These and other factors could cause results to differ materially from those expressed in any forecasts or estimates.

## TRADEMARKS, SERVICE MARKS AND TRADE NAMES

This Annual Report contains references to trademarks, trade names and service marks belonging to other entities. Solely for convenience, trademarks, trade names and service marks referred to in this Annual Report may appear without the ® or TM symbols, but such references are not intended to indicate, in any way, that the applicable licensor will not assert, to the fullest extent under applicable law, its rights to these trademarks and trade names. We do not intend our use or display of other companies' trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Our financial statements have been prepared in accordance with IFRS. Certain monetary amounts, percentages and other figures included in this Annual Report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them.

All references in this Annual Report to "dollar," "USD" or "\$" refer to U.S. dollars, the terms "£" and "GBP" refer to British pounds sterling, and the terms "euro," "EUR" or "€" refer to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the treaty establishing the European Community, as amended. For the convenience of the reader, in this Annual Report, unless otherwise indicated, balances from British pounds sterling into U.S. dollars were made at the rate of £1.00 to \$1.2529 which was the closing rate of the Bank of England on December 31, 2024. Such U.S. dollar amounts are not necessarily indicative of the amounts of U.S. dollars that could actually have been purchased upon exchange of British pounds sterling at the dates indicated.

## PART I

### Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

### Item 2. Offer Statistics and Expected Timetable

Not applicable.

### Item 3. Key Information

#### A. [Reserved]

#### B. Capitalization and Indebtedness

Not applicable.

#### C. Reasons for the Offer and Use of Proceeds

Not applicable.

#### D. Risk Factors

*You should carefully consider the risks described below before making an investment decision. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The trading price and value of our securities could decline due to any of these risks, and you may lose all or part of your investment. This Annual Report also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this Annual Report.*

## Summary of Risk Factors

Below is a summary of the principal risks and uncertainties we face, organized under relevant headings. It is only a summary. You should read the more detailed discussion of risks set forth below and elsewhere in this Annual Report for a more complete discussion of the risks listed below and other risks.

### *Risks Related to Our Business And Industry*

- We have a limited operating history and have not yet manufactured any non-prototype aircraft or sold any eVTOL aircraft to customers, and we may never develop or manufacture any eVTOL aircraft.
- Our business plans require a significant amount of additional capital beyond our current cash and cash equivalents. Such additional capital might not be available to us in a timely manner or on terms that are acceptable, or at all. In addition, our future capital needs may require us to sell additional equity or debt securities that may dilute our shareholders or introduce covenants that may restrict our operations or our ability to pay dividends.
- 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.
- We may not be able to produce or launch aircraft in the volumes or timelines projected.
- Our eVTOL aircraft may not be certified by transportation authorities in a timely manner, or at all, which could adversely affect our prospects, business, financial condition and results of operations.
- Our aircraft may not perform at the level we expect on projected timelines and may have potential defects, such as a higher than expected noise profile, a lower payload than initially estimated, shorter range and/or shorter useful lives than we anticipate.
- We are a pre-revenue, early-stage company with a history of losses, and we expect to incur significant expenses and continuing losses for the foreseeable future.
- The markets for our offerings are still in relatively early stages of growth, and if such markets do not continue to grow, grow more slowly than we expect or fail to grow as large as we expect, our business, financial condition and results of operations could be harmed.
- Our suppliers and partners for the parts and components in our aircraft are an important part of our business model, and any interruptions, disagreements or delays could have a material adverse effect on our business, results of operations and financial condition.
- Accidents or incidents involving eVTOL aircraft developed by us or our competitors could have a material adverse effect on our business, financial condition and results of operations.
- All of the pre-orders we have received for our aircraft are not legally binding, are conditional, and may be terminated without penalty at any time by either party. If these orders are cancelled, modified, delayed or not placed in accordance with the terms agreed with each party, our business, results of operations, liquidity and cash flow will be materially adversely affected.
- We are dependent on our senior management team and other highly skilled personnel, and if we are not successful in attracting or retaining highly qualified personnel, we may not be able to successfully implement our business strategy.
- Our Convertible Senior Secured Notes issued and outstanding may impact our financial results, result in the dilution of our shareholders, create downward pressure on the price of our ordinary shares, and restrict our ability to raise additional capital or take advantage of future opportunities.

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- We may need to initiate or defend against intellectual property infringement or misappropriation claims, which may be time consuming and expensive and, if adversely determined, could limit our ability to sell our aircraft or otherwise operate our business.

### ***Risks Related to Our Regulatory Environment***

- The international nature of our business subjects us to additional risks.
- We are subject to laws and regulations worldwide, many of which are unsettled and still developing and which could increase our costs or materially and adversely affect our business.
- Our aircraft might not comply with all the requirements to operate according to Instrument Flight Rules.
- We may be unable to obtain the relevant regulatory approvals needed to produce and sell the aircraft on the timelines we expect, or at all.
- Prospective operators of our aircraft may not be able to obtain the relevant regulatory approvals to operate our aircraft.
- Regulatory and planning authorities may introduce regulatory, procedural or policy changes to reflect the novel aspects of eVTOL aircraft, including in relation to pilot training, aircraft operation and maintenance. If changes are introduced, they may have a detrimental impact on our ability to successfully deploy and commercialize our aircraft, or to do so in a timely manner.
- If current airspace and zoning regulations are not modified to increase air traffic capacity, our business could be subject to considerable capacity limitations.

### ***Risks Related to Ownership of Our Securities***

- The price of our securities may be volatile, and the value of our securities may decline.
- Our issuance of additional share capital in connection with financings (including through the conversion of the Convertible Senior Secured Notes), acquisitions, investments, our equity incentive plans or otherwise will dilute all other shareholders. Certain shareholders benefit from contractual rights to participate in future equity financings which, if exercised, may result in greater dilution for other shareholders.
- We are an “emerging growth company,” and we cannot be certain if the reduced reporting and disclosure requirements applicable to emerging growth companies will make our securities less attractive to investors.
- We are a foreign private issuer and, as a result, we 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.
- As a “controlled company” within the meaning of the NYSE’s corporate governance rules, we are permitted to, and we intend to, rely on exemptions from certain of the NYSE corporate governance standards.
- We have previously identified material weaknesses in our internal control over financial reporting. If our remediation of these material weaknesses is not effective, or we otherwise fail to maintain an effective system of internal controls in the future, we may not be able to report our financial results accurately, prevent fraud or file our periodic reports as a public company in a timely manner.
- We are a holding company with no operations of our own and, as such, depend on our subsidiaries for cash to fund our operations and expenses, including future dividend payments, if any.
- We are controlled by our ultimate controlling party, whose interests may conflict with ours or yours in the future.

## Risks Related to Our Business And Industry

*We have a limited operating history and have not yet manufactured any non-prototype aircraft or sold any eVTOL aircraft to customers, and we may never develop or manufacture any eVTOL aircraft.*

We have a limited operating history in the eVTOL aircraft industry, which is nascent and continuously evolving. eVTOL aircraft are currently in the developmental stage and we may never be successful in commercially producing our first VX4 or any other eVTOL aircraft. We have no experience as an organization in high volume manufacturing of eVTOL aircraft. We cannot assure you that we or our partners will be able to develop efficient, automated, cost efficient manufacturing capabilities and processes and reliable sources of component supplies that will enable us to meet the quality, price, engineering, design and production standards, as well as the production volumes, required to successfully mass market our eVTOL aircraft. You should consider our business and prospects in light of the risks and significant challenges we face as a new entrant into our industry, including, among other things, with respect to our ability to:

- design and produce safe, reliable and quality eVTOL aircraft on an ongoing basis;
- obtain the necessary regulatory approvals in a timely manner;
- attract, retain and motivate talented employees;
- build a well-recognized and respected brand;
- establish and expand our customer base;
- successfully service our aircraft after sales and maintain a good flow of spare parts and customer goodwill;
- improve and maintain our operational efficiency;
- predict our future revenues and appropriately budget for our expenses;
- anticipate trends that may emerge and affect our business;
- anticipate and adapt to changing market conditions, including technological developments and changes in our competitive landscape; and
- navigate an evolving and complex regulatory environment.

If we fail to adequately address any or all of these risks and challenges, our business, financial condition and results of operations may be materially and adversely affected.

***Our business plans require a significant amount of additional capital beyond our current cash and cash equivalents. Such additional capital might not be available to us in a timely manner or on terms that are acceptable, or at all. In addition, our future capital needs may require us to sell additional equity or debt securities that may dilute our shareholders or introduce covenants that may restrict our operations or our ability to pay dividends.***

We expect our capital expenditures to continue to be significant in the foreseeable future as we expand our business, and that our level of capital expenditures will remain uncertain and may be higher than anticipated. While we have recently completed a public offering for aggregate gross proceeds of \$90 million, which is expected to progress our operational targets for 2025, we will require additional financing to be in a position to continue to carry out our business plans prior to the commercialization of our aircraft. Overall, we expect to make significant investments in our business, including development of our aircraft, investments in our brand and developing assembly and manufacturing facilities. These efforts may prove more expensive than currently anticipated, and we may not succeed in acquiring sufficient capital to offset these higher expenses and achieve positive revenue generation. The fact that we have a limited operating history means we have limited historical data on the demand for our aircraft. As a result, our future capital requirements may be uncertain and actual capital requirements may be different from those we currently anticipate. We expect to seek equity or debt financing to finance a portion of our capital expenditures. Such financing might not be available to us in a timely manner or on terms that are acceptable, or at all.

Our ability to obtain the necessary financing to carry out our business plan is subject to a number of factors, including general market conditions and investor acceptance of our business model. For example, the global economy, including credit and financial markets, has in recent years, experienced extreme volatility and disruptions. These factors may make the timing, amount, terms and conditions of such financing unattractive or unavailable to us. In addition, market conditions impacting financial institutions could impact our ability to access some or all of our cash, cash equivalents and marketable securities, and we may be unable to obtain alternative funding when and as needed and on acceptable terms, if at all. If we are unable to raise sufficient funds, we will have to significantly reduce our spending, delay or cancel our planned activities or substantially change our corporate structure. If we are unable to obtain any funding, or if we do not have sufficient resources to conduct our business as projected, we might be forced to curtail or discontinue our operations, sell or dispose of our assets, potentially to a competitor at less favorable prices, or enter into a business combination on less favorable terms.

In addition, our future capital needs and other business reasons will likely require us to sell additional equity or debt securities or obtain a credit facility. The sale of additional equity or equity-linked securities will dilute our shareholders. Any equity securities issued may also provide for rights, preferences or privileges senior to those of holders of our ordinary shares. 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. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations or our ability to pay dividends to our shareholders.

There can be no assurance that we will be able to obtain additional funding on acceptable terms and thus have sufficient funds to meet our funding requirements.

We also have a significant number of public and private warrants of the Company issued and outstanding which, if exercised, will require us to issue additional ordinary shares, which will result in dilution to our shareholders and increase the number of ordinary shares eligible for resale in the public market. An increase of the number of ordinary shares issued and outstanding could adversely affect the market price of our securities. See Item 5. *“Operating and Financial Review and Prospects – Outstanding Warrants.”*

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In addition, while we expect from time to time to apply for, and to be a recipient of, government grant funding under various schemes, including the Aerospace Technology Institute (“ATI”) Grant Funding Program, we cannot be certain that any such amounts will be received in whole or in part, including under schemes for which we or the applicable government agency have announced an indicative award of funding to us. Under such schemes we could receive less funding than we expect, or none at all, including as a result of failure to enter into necessary agreements with third parties or the non-fulfilment of other conditions precedent, the early termination or amendment of the grant funding scheme, failure to adhere to the terms and conditions applicable to the respective projects, our failure to secure sufficient resources to be able to claim the full eligible amount of the grant funding, failure to progress the technology development project according to our current plans or because the relevant project changes in scope or duration.

On May 22, 2024, we entered into an agreement with Rolls-Royce to terminate the contract we had previously entered into with Rolls-Royce to develop an Electric Propulsion Unit (“EPU”). Pursuant to the termination 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. In connection with the termination agreement, Rolls-Royce transferred to us ordinary shares in the Company held by it, which Rolls-Royce acquired from the Company in a private investment transaction in 2021.

To date, we have not generated any revenue from the design, development, manufacturing, engineering, sale or distribution of electric aircraft. All income during the year ended December 31, 2024 consisted of government grants received to support our development activities, research and development tax relief under the United Kingdom research and development tax relief schemes and in connection with the Rolls-Royce settlement agreement mentioned above. The execution of our business plan is currently reliant in part upon the ongoing receipt of such government grants and research and development tax relief, and such reliance will continue until we generate revenues or secure additional funding. There is no assurance the United Kingdom research and development tax relief schemes may not be amended or altered in the future or that we will continue to receive such tax reliefs in the amount expected, or at all.

If we cannot raise additional funds when or in the amount we need, we may not be able to, among other things:

- fund our operating capital requirements;
- execute our business plan in connection with the research and development of our aircraft, investments in our brand and the development of assembly and manufacturing facilities;
- retain our senior management team and other key personnel or recruit additional qualified personnel, see also “— *We are dependent on our senior management team and other highly skilled personnel, and if we are not successful in attracting or retaining highly qualified personnel, we may not be able to successfully implement our business strategy;*” or
- expand or maintain relationships with our partners, suppliers and customers,

any of which would adversely affect our business, financial condition and operating results.

***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.***

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 the commercialization of the VX4, we have invested heavily in research to support the development of our aircraft. As of December 31, 2024, we had £22.5 million of cash and cash equivalents on hand.

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 Annual Report. Within the next 12 months following the date hereof, we expect our net cash outflows from operating activities to be approximately £100 million (after taking into account expected R&D tax receipts and grants of approximately £20 million), which will be used primarily to fund the creation and testing of the prototype aircraft, and to support the certification process. While we currently project that our existing resources will progress our operational targets for 2025, we require additional capital to continue to be in a position to continue to carry out our business plans prior to the commercialization of our aircraft.



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Our forecast is based on assumptions that may prove to be wrong, and we may use our available capital resources sooner than we currently expect.

While we have recently completed a public offering for aggregate gross proceeds of \$90 million, before deducting underwriting discounts and commissions and other offering expenses, we will need to secure additional capital to deliver on our business plan and to continue as a going concern.

These factors indicate that a material uncertainty exists that may cast 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.

While management is committed to continue to seek and raise additional funds and may seek to issue further equity in doing so, there can be no assurance that we will be able to obtain additional funding on acceptable terms, if at all. To the extent that we raise additional capital through future equity offerings, the ownership interest of ordinary shareholders will be diluted, which dilution may be significant. 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 our shareholders. The terms of debt securities or borrowings may impose significant restrictions on our operations. We cannot guarantee that we will be able to obtain any or sufficient additional funding or that such funding, if available, will be obtainable on terms satisfactory to us. We may also seek to defer certain operating expenses unless and until additional capital is received. In the event that we are unable to obtain any or sufficient additional funding or defer sufficient operating expenses, there can be no assurance that we will be able to continue as a going concern, and we may be forced to delay, reduce or discontinue certain activities, including planned research and development activities, hiring plans, flight tests and manufacturing activities or commercialization efforts. See also “—Our business plans require a significant amount of additional capital beyond our current cash and cash equivalents. Such additional capital might not be available to us in a timely manner or on terms that are acceptable, or at all. In addition, our future capital needs may require us to sell additional equity or debt securities that may dilute our shareholders or introduce covenants that may restrict our operations or our ability to pay dividends.”

Significant doubt (or substantial doubt as contemplated by PCAOB standards) about our ability to continue as a going concern may materially and adversely affect the price per share of our ordinary shares, and it may be more difficult for us to obtain financing. If potential collaborators decline to do business with us or potential investors decline to participate in any future financings due to such concerns, our ability to increase our cash position may be limited. The perception that we may not be able to continue as a going concern may cause others to choose not to deal with us due to concerns about our ability to meet our contractual obligations.

We have prepared our consolidated financial statements assuming that we will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. Our consolidated financial statements included in this Annual Report do not include any adjustments to reflect the possible inability to continue as a going concern. If we are unable to continue as a going concern, you could lose all or part of your investment.

Please refer to note 2 to our consolidated financial statements for the year ended December 31, 2024 included elsewhere in this Annual Report.

### ***We may not be able to produce or launch aircraft in the volumes or timelines projected.***

There are significant challenges associated with mass producing aircraft in the volumes that we are projecting. The aerospace industry has traditionally been characterized by significant barriers to entry, including large capital requirements, investment costs of designing and manufacturing aircraft, long lead times to bring aircraft to market from the concept and design stage, the need for specialized design and development expertise, extensive regulatory requirements, creating a brand and the need to establish maintenance and service locations. As a manufacturer of eVTOL aircraft, we face a variety of added challenges to entry that a traditional aircraft manufacturer would not encounter, including additional costs of developing and producing an electric powertrain, complexity of developing, manufacturing, and sourcing suitable materials for our batteries, regulations associated with the transport of lithium-ion batteries and unproven high-volume customer demand for a fully electric aerial mobility service. Additionally, we will need to develop assembly lines at volumes for which there is no precedent within the traditional aerospace industry. If we are not able to overcome these barriers, our business, prospects, operating results and financial condition will be negatively impacted, and our ability to grow our business will be harmed.

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In order to develop and manufacture our aircraft, we must be able to obtain and maintain adequate facilities and infrastructure. We have not yet constructed a production facility in which to manufacture and assemble our aircraft. Our manufacturing facility plans are still in process, and various aspects of the component procurement and manufacturing plans have not yet been determined. We may be unsuccessful in obtaining, developing and/or maintaining these facilities in a commercially viable manner. Even if we are able to begin assembly operations in these facilities, maintenance of these facilities will require considerable capital expenditure as we expand operations. We cannot provide any assurance that we will be successful in obtaining and maintaining adequate facilities and infrastructure, and any failure to do so may result in our inability to develop and manufacture our aircraft as expected or on projected timelines. Furthermore, we are currently evaluating, qualifying, selecting and negotiating contracts with our suppliers for the planned production aircraft. However, we may not be able to engage suppliers for the components in a timely manner, at an acceptable price or in the necessary quantities.

We also have to obtain all of the necessary regulatory approvals in each of our markets in order to sell our aircraft and for our customers to operate them. We will have to obtain aircraft type certification from the CAA, EASA and the FAA, as well as local regulators in other countries where we intend to sell aircraft, and there can be no assurance that we will obtain certification of our aircraft in the time frame that we project, or at all, which would impact our overall timetable to sell our aircraft. Should there be any delays to our projected approval timetables, this could have a material effect on our ability to deliver any orders to our customers, which could have a material adverse effect on our relationships with our current and existing customers and adversely affect our reputation.

In March 2023, the CAA issued an eVTOL Design Organisation Approval (“DOA”) to VAGL. A DOA and a Production Organisation Approval (“POA”) are required to be obtained and maintained in order to be able to manufacture aircraft pursuant to an approved type design (e.g., type certificate). Securing a POA and maintaining a DOA and POA will involve extensive ongoing oversight by the CAA of our team, company capabilities, processes and production facilities. Our DOA could be revoked or subject to restrictions if we fail to adhere to the ongoing compliance obligations required by the CAA. If we are unable to obtain a POA and maintain a DOA and a POA, or the CAA imposes unanticipated restrictions as a condition of approval, our projected costs of production could increase substantially and ultimately we may be unable to commercialize our aircraft.

Securing our POA, and the timing of our production ramp up, are dependent upon finalizing certain aspects of the design, engineering, component procurement, testing, build out and assembly plans in a timely manner and upon our ability to execute these plans within the timeline we set. We intend to fund our plans using capital from future financing opportunities, including future securities sold in public offerings, private placement transactions and/or ordinary shares sold to Nomura pursuant to the Purchase Agreement, among other capital raising alternatives. If we are unable to obtain the funds required on the timeline that we anticipate, our plans for the assembly and sale of our aircraft could be delayed which may adversely affect our business, financial condition and operating results.

There can be no assurance that we will be able to achieve certification on any projected timeline or at all, which would have a material adverse effect on our ability to sell our aircraft and meet our customers’ demands, any of which would have a material adverse effect on our reputation, business, financial condition and results of operations.

***Our eVTOL aircraft may not be certified by transportation authorities in a timely manner, or at all, which could adversely affect our prospects, business, financial condition and results of operations.***

eVTOL aircraft involve a complex set of technologies, which we and our partners and suppliers must continue to develop and rely on independent third party aircraft operators to adopt. However, before eVTOL aircraft can fly passengers, the aircraft must receive requisite approvals from the relevant authorities. No passenger-carrying eVTOL aircraft are currently certified by the CAA, EASA or the FAA for commercial operations, and there is no assurance that our research and development will result in regulatory certified aircraft that are market-viable or commercially successful in a timely manner, or at all. Certification also requires the regulator to have significant specialist knowledge of an aircraft’s underlying technology. Such knowledge can be scarce in circumstances where novel technologies are being certified, as is the case for eVTOL aircraft. In some jurisdictions, the risk of delay to certification or validation may also be augmented by a lack of capacity or experience within the regulatory authority.

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Delays in our prototyping and VX4 certification aircraft design and assembly may also materially impact certifying in a timely manner, or at all. We are currently evaluating, qualifying, selecting and negotiating contracts with our suppliers for the planned production aircraft. Any inability to onboard them or delay in doing so, or their inability to deliver against our requirements on a timely basis, may lead to delays in design, assembly, testing, and production of our planned production aircraft, which may delay the certification of our aircraft. See also “— *Our suppliers and partners for the parts and components in our aircraft are an important part of our business model, and any interruptions, disagreements or delays could have a material adverse effect on our business, results of operations and financial condition.*”

In order to gain regulatory certification, the safety of our eVTOL aircraft must be proven, which cannot be assured. Even if eVTOL aircraft are certified, individual operators must conform eVTOL aircraft to their licenses and air operator certificates, which requires regulatory approval, and individual pilots also must be licensed and approved such regulators, as applicable, to fly eVTOL aircraft, which could contribute to delays in any widespread use of eVTOL aircraft and potentially limit the number of eVTOL aircraft operators available to purchase our aircraft.

***Our aircraft may not perform at the level we expect on projected timelines and may have potential defects, such as higher than expected noise profile, lower payload than initially estimated, shorter range and/or shorter useful lives than we anticipate.***

Our aircraft may not perform at the level we expect on projected timelines or may contain defects in design and manufacture that may cause them not to perform as expected or that may require repair. For example, our aircraft may have a higher noise profile than we expect, carry a lower payload or have shorter maximum range than we estimate. Our aircraft will also use a substantial amount of software code to operate. Software products are inherently complex and often contain defects and errors when first introduced.

We are designing the aircraft with certain targeted specifications both for the entry into service aircraft and future potential upgrades, including, without limitation, noise, range and payload. However, there is no guarantee the aircraft will be able to achieve these target design specifications in the timelines projected, or at all.

While we have performed, and will continue to perform, extensive testing, it is not possible to fully replicate every operating condition and validate the long term durability of every aspect of our aircraft prior to its use in service. In some instances, we may need to continue to rely upon projections and models to validate the projected performance of our aircraft over their lifetime. Therefore, similar to most aerospace products, there is a risk that our aircraft may suffer unforeseen faults, defects or other issues in service. Such faults, defects and other issues may require significant additional research and development to rectify and could involve suspension of operation of our aircraft until any such defects can be cured. There can be no assurance that such research and development efforts would result in viable products or cure any such defects. Obtaining the necessary data and results may take longer than planned or may not be obtained at all. Any such delays or setbacks could have a material adverse effect on our reputation and our ability to achieve our projected timelines and financial goals.

We expect to introduce new and additional features and capabilities to the aircraft and our service over time. For example, while we intend for our aircraft to be capable of operating under instrument flight rules (“IFR”) from the date of their manufacture, they may initially operate either fully or partially under visual flight rules, as operation under IFR is likely to require further testing and certification and may potentially require revisions to the IFR to accommodate eVTOL technology. We may be unable to test and have the aircraft certified in a timely manner, or at all, and any necessary revisions to the IFR may not take place in a timely manner, or at all.

Further, some components of our aircraft, such as the batteries, may have a lower performance life than we initially expected, and will have a significantly shorter performance life than that of the aircraft overall, requiring frequent replacement. This could put additional strain on our supply chain and may add to the overall operating cost of the aircraft, thereby negatively impacting the attractiveness of our aircraft to our operator customers.

Any product defects or any other failure of our aircraft to perform as expected could harm our reputation and result in adverse publicity, delays in or inability to obtain certification, lost revenue, delivery delays, product recalls, product liability claims, harm to our brand and reputation, and significant warranty and other expenses and could have a material adverse impact on our business, financial condition and results of operations.

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***We are a pre-revenue, early-stage company with a history of losses, and we expect to incur significant expenses and continuing losses for the foreseeable future.***

We are a pre-revenue, early-stage company that has incurred losses in the operation of our business related to research and development activities since inception. We anticipate that our expenses will increase and that we will continue to incur losses in the future until at least the time we begin commercial manufacturing of our aircraft. Even if we are able to successfully develop and sell our aircraft, there can be no assurance that the aircraft will be commercially successful and achieve or sustain profitability.

We expect the rate at which we will incur losses to be significantly higher in future periods as we, among other things, certify and assemble our aircraft, deploy our facilities, build up inventories of parts and components for our aircraft, increase our sales and marketing activities, develop our manufacturing infrastructure and increase our general and administrative functions to support our growing operations. We may find that these efforts are more expensive than we currently anticipate or that these efforts may not result in revenue, which would further increase our losses.

***The markets for our offerings are still in relatively early stages of growth, and if such markets do not continue to grow, grow more slowly than we expect or fail to grow as large as we expect, our business, financial condition and results of operations could be harmed.***

The market for eVTOL aircraft is still in a relatively early stage, and our success in these markets is dependent upon our ability to effectively market and sell advanced air mobility as a substitute for conventional methods of transportation and the effectiveness of our other marketing and growth strategies. If the public does not perceive advanced air mobility as beneficial, or chooses not to adopt advanced air mobility as a result of concerns regarding safety, affordability or for other reasons, then the market for our offerings may not further develop, may develop more slowly than we expect or may not achieve the growth potential we expect, any of which could harm our business, financial condition and results of operations.

***Our suppliers and partners for the parts and components in our aircraft are an important part of our business model, and any interruptions, disagreements or delays could have a material adverse effect on our business, results of operations and financial condition.***

Our suppliers and partners, some of whom are currently single source suppliers for certain components, are a key part of our business model in order to manufacture our aircraft. There can be no assurance that suppliers will be able to scale to meet our required certification timeline and production demands.

Our supplier and partner base is located globally, and we strategically partnered with what we believe to be industry leaders to supply high quality components for our aircraft. Many of the components used in our aircraft are being custom-designed for us by our partners, including our flight controls systems and most of our structural components. This supply chain exposes us to multiple potential sources of delivery delays, failure, increased transportation costs or component shortages for our aircraft, most of which are out of our control, including shortages of, or disruptions in the supply of, the raw materials used by our partners in the manufacture of components, disruptions to our partners' workforce (such as strikes or labor shortfalls), disruptions to, or capacity constraints affecting, shipping and logistics (including as a result of terrorism, natural disaster or adverse weather conditions) and delays to the design, development or delivery of the custom components.

While we believe that we may be able to establish alternate supply relationships and can obtain replacement components, we may be unable to do so quickly or at all to the quality levels and at prices that are acceptable to us. We may experience source disruptions in our supply chains, which may cause delays in our overall production process for both prototype and commercial production aircraft. We are also, in some cases, subject to key suppliers for certain pieces of manufacturing equipment for which we rely on, or may be reliant on, to achieve our projected high volume production numbers. For example, we expect to procure battery cells primarily from Molicel, mechanical systems primarily from Hanwha Aerospace, and our flight control system and avionics systems primarily from Honeywell. If we needed to find alternative suppliers for any of the key components of our aircraft, then this could increase our costs and adversely affect our ability to receive such components on a timely basis, or at all, which could cause significant delays in our overall projected timelines for the delivery of our aircraft and adversely affect our relationships with our customers.

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In addition, if we experience a significant increase in demand beyond the anticipated volumes, or need to replace our existing suppliers, there can be no assurance that additional suppliers of component parts will be available when required on terms that are acceptable to us, or at all, or that any supplier would allocate sufficient supplies to us in order to meet our requirements or fill our orders in a timely manner. Further, if we are unable to manage successfully our relationships with all of our suppliers and partners, the quality and availability of our aircraft may be harmed. Any disruptions in the supply of components from our suppliers and partners could lead to delays in aircraft production, which would materially adversely affect our business, financial condition and operating results.

Further, if any conflicts arise between our suppliers or partners and us, the other party may act in a manner adverse to us and could limit our ability to implement our business strategies, which could impact our projected production timelines and number of aircraft produced. Our suppliers or partners may also develop, either alone or with others, products in related fields that are competitive with our products as a result of any conflicts or disagreements. Additionally, our suppliers or partners may elect to change their strategic direction to significantly limit or cease their business operations relating to AAM. For example, on November 28, 2023, Rolls-Royce plc announced its intention to seek a partner or buyer for its advanced air mobility activities. This is the division that is developing the electrical propulsion unit and electrical power distribution system for our certification aircraft. While we have binding contracts in place with our strategic suppliers and are constantly monitoring and mitigating the risk in accordance with good supply chain practice, if we did need to find an alternative supplier, then this could increase our costs and adversely affect our ability to receive such components on a timely basis, or at all, which could cause significant delays in our overall projected timelines for the delivery of our aircraft and adversely affect our relationships with our customers. Any disagreements or conflicts with our suppliers or partners or any material modification in our suppliers or partners strategic direction could have an adverse effect on our reputation, which could also negatively impact our ability to source new suppliers or partners. We do not believe that Rolls-Royce's decision to exit the advanced air mobility market will have an impact on our projected timelines for the delivery of our aircraft and we are in advanced negotiations with potential replacement suppliers, with one of which we are already collaborating for our current prototype aircraft. However, while these negotiations are progressing well, there is no guarantee that we will be able to execute an agreement with a replacement supplier on favorable terms, if at all.

Any changes in business conditions, wars (including the ongoing war between Russia and Ukraine), governmental changes, political intervention and other factors beyond our control or which we do not presently anticipate, could also affect our partners' and suppliers' abilities to deliver components to us on a timely basis, which could have a material adverse effect on our overall timelines to produce our aircraft. We do not control our suppliers or partners or such parties' labor and other legal compliance practices, including their environmental, health and safety practices. If our current suppliers or partners, or any other suppliers or partners which we may use in the future, violate any specific laws or regulations, we may be subjected to extra duties, significant monetary penalties, adverse publicity, the seizure and forfeiture of products that we are attempting to import or the loss of our import privileges. The effects of these factors could render the conduct of our business in a particular country undesirable or impractical and have a negative impact on our business, financial condition and results of operations.

***Accidents or incidents involving eVTOL aircraft developed by us or our competitors could have a material adverse effect on our business, financial condition and results of operations.***

Test flying prototype aircraft is inherently risky, and accidents or incidents involving our aircraft are possible. Any such occurrence would negatively impact our development, testing and certification efforts, and could result in re-design, certification delay and/or postponements or delays to the sales of our own aircraft.

The operation of aircraft is subject to various risks, and we expect demand for our aircraft to be impacted by accidents or other safety issues regardless of whether such accidents or issues involve our aircraft. Such accidents or incidents could also have a material impact on our ability to obtain certification from the CAA, EASA, and/or the FAA for our aircraft, or to obtain such certification in a timely manner. Such events could impact confidence in a particular aircraft type or the air transportation services industry as a whole, particularly if such accidents or disasters were due to a safety fault. We believe that regulators and the general public are still forming their opinions about the safety and utility of aircraft that are highly reliant on lithium-ion batteries and/or advanced flight control software capabilities. An accident or incident involving either our aircraft or a competitor's aircraft during these early stages of opinion formation could have a disproportionate impact on the future outlook of the emerging AAM market.

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There may be heightened public skepticism of this nascent technology and its adopters. In particular, there could be negative public perception surrounding eVTOL aircraft, including the overall safety and the potential for injuries or death occurring as a result of accidents involving eVTOL aircraft. In August 2023, following the completion of our remote thrustborne flight test campaign of the VX4 prototype, we conducted further uncrewed flight tests of the VX4 prototype aircraft before its planned retirement under stress scenarios 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). Our investigation identified the root cause to be a fault with a propellor, which was an early generation propellor that had already been redesigned prior to the incident. While we believe the issue to be fully resolved ahead of the next phase of testing, any negative public perception regarding this incident or any other incident that may occur in respect of eVTOL aircraft, regardless of whether such incidents involve our own aircraft, could adversely affect Vertical's prospects, business, financial condition and results of operations.

We are at risk of adverse publicity stemming from any public incident involving our company, our people, our brand or other companies in our industry or related industries. Such an incident could involve the actual or alleged behavior of any of our employees or third party contractors. Further, if our personnel, our aircraft or other types of aircraft are involved in a public incident, accident, catastrophe, litigation or regulatory enforcement action, we could be exposed to significant reputational harm and potential legal liability, or our industry could be negatively impacted from adverse public perception. For example, the recent mid-air collision of a commercial airliner with a military helicopter over Washington, D.C., could dampen passengers' sentiment regarding the safety of the helicopter and AAM industries generally, regardless of the high safety standards we expect to achieve in our vehicles, or the regulators could impose more regulations around low level airspace travel which could negatively impact our operating model. The insurance we carry may be inapplicable or inadequate to cover any such incident, accident, catastrophe or action. In the event that our insurance is inapplicable or inadequate, we may be forced to bear substantial losses from an incident or accident. In addition, any such incident, accident, catastrophe, litigation or action involving our employees, our aircraft or other types of aircraft could create an adverse public perception, which could harm our reputation, result in passengers being reluctant to use our services and adversely impact our business, results of operations and financial condition.

***All of the pre-orders we have received for our aircraft are not legally binding, are conditional, and may be terminated without penalty at any time by either party. If these orders are cancelled, modified, delayed or not placed in accordance with the terms agreed with each party, our business, results of operations, liquidity and cash flow will be materially adversely affected.***

All of the pre-orders we have received to date are conditional and are subject to the occurrence of certain agreed-upon conditions with the respective parties, including that all such pre-orders may be terminated in writing without penalty by either party. We anticipate that our pre-order book may reduce and customers may cancel their orders should we not be able to timely deliver on our testing, certification and production milestones on our projected timelines, to the anticipated aircraft performance levels, or at competitive prices. Customers may also cancel their pre-orders for our aircraft as a result of changes in their strategic business focus, in favor of competing eVTOL products, or for any other reason.

We have received pre-orders for approximately 1,500 aircraft as of the date of this Annual Report, which includes pre-orders from (including through third party arrangements): American Airlines, with a pre-order of up to 250 aircraft and an option to purchase an additional 100 aircraft; Bristow, with a pre-order of 25 aircraft and an option for up to 25 additional aircraft; Iberojet, with a pre-order of 20 aircraft and an option for up to 80 additional aircraft; Marubeni, with a pre-order option to purchase up to 200 aircraft; Kakao Mobility, with a pre-order of up to 50 aircraft and FLYINGGROUP, with a pre-order of 25 aircraft and an option for up to 25 additional aircraft. Certain customer pre-orders are expected to be fulfilled via third party agreements. Within our indirect sales channel, Avolon, the world's second largest aircraft leasing company, agreed to pre-order up to approximately 310 aircraft, with an option to pre-order a further 190 aircraft approximately, and as of March 2022, Avolon had placed approximately 550 aircraft to international airlines consisting of up to 250 aircraft to GOL and Grupo Comporte in Brazil, up to 100 aircraft to Japan Airlines, a minimum of 100 aircraft with AirAsia and up to 100 aircraft with Gözen Holding in Turkey.

Each of Avolon, American Airlines, Bristow, Iberojet, Marubeni, Kakao Mobility and FLYINGGROUP, or their permitted assigns, have agreed to ordinary course terms and conditions contained in our memoranda of understanding with them, subject to specific agreed-upon terms and conditions precedent with each party, including, among other things, certain deadlines to enter into a long-form master purchase agreement regarding the number of aircraft and, for certain of such purchasers, the potential creation of joint working groups to explore opportunities in the various jurisdictions in which our customers operate.

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All of our pre-orders are not legally binding until we have executed a master purchase agreement between us and each party that contains the final terms for the purchase of our aircraft, including, but not limited to, the final number of aircraft to be purchased and the timing for delivery of the aircraft. We intend to execute such master purchase agreement prior to certain dates agreed upon with each party.

In January 2023, we received a pre-delivery payment from Marubeni for the reservation of aircraft delivery slots for 25 out of its conditional pre-order of up to 200 aircraft. Such reservation fee may be refundable in full to Marubeni under certain circumstances.

American Airlines has also committed to pay a pre-delivery payment (the “AA Pre-Delivery Payment”) upon the satisfaction of certain conditions, including entering into a master purchase agreement that will contain the final terms for the purchase of the aircraft (the “AA Master Purchase Agreement”), in exchange for our commitment to reserve delivery slots for the first 50 VX4 aircraft of American Airline’s conditional pre-order of up to 250 aircraft, with an option to purchase an additional 100 aircraft. Subject to the final terms of the AA Master Purchase Agreement, the parties agreed that the Pre-Delivery Payment will be used to set off against the purchase price for the number of aircraft ultimately purchased by American Airlines pursuant to the AA Master Purchase Agreement. Such Pre-Delivery Payment may be refundable in full to American Airlines under certain circumstances.

The obligations of each of Avolon, American Airlines, Bristow, Iberojet, Marubeni, Kakao Mobility and FLYINGGROUP, or their permitted assigns, to consummate the order will arise only after all of such material terms are agreed in the discretion of each party. As a result, there can be no assurance that Avolon, American Airlines, Bristow, Iberojet, Marubeni, Kakao Mobility and/or FLYINGGROUP, or their permitted assigns, will place a sufficient number of orders, if any at all, for our aircraft, which could adversely affect our business, prospects and results of operations. If any of these orders are cancelled, modified or delayed, or otherwise not consummated, or if we are otherwise unable to convert our strategic relationships into sales revenue, our business, results of operations, liquidity and cash flow will be affected.

***Certain of our strategic, development and deployment arrangements could be terminated or may not materialize into long term contract partnership arrangements and may restrict or limit us from developing our aircraft with or providing services to other strategic partners.***

We have agreements with strategic, development and deployment partners and collaborators. Some of these arrangements are evidenced by memoranda of understanding, letters of intent, early stage agreements, some of which are non-binding, that are used for design and development purposes but will require further negotiation at later stages of development or production or master agreements that have yet to be implemented under separately negotiated statements of work, each of which could be terminated or may not materialize into next stage contracts or long term contract partnership arrangements. In addition, we do not currently have arrangements in place that will allow us to fully execute our business plan, including, without limitation, final supply and manufacturing agreements. Moreover, existing or future arrangements may contain limitations on our ability to enter into strategic, development and deployment arrangements with other partners. If we are unable to maintain such arrangements and agreements, or if such agreements or arrangements contain other restrictions from, or limitations on, developing aircraft with other strategic partners, our business, financial condition and operating results could be materially and adversely affected.

***In order to produce and launch aircraft in the volumes projected, we intend to grow our business rapidly and expect to expand our operations significantly. Any failure to manage our growth and attract and retain staff effectively could adversely affect our business, prospects, operating results and financial condition.***

Any failure to manage our growth effectively could materially and adversely affect our business, operating results and financial condition. We intend to expand our operations significantly as we progress towards commercial production of our aircraft. We expect our future expansion to include:

- hiring and training new staff;
- expanding the management team;
- leveraging consultants to assist with our growth and development;
- forecasting production and revenue;
- controlling expenses and investments in anticipation of expanded operations;

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- establishing or expanding design, production, manufacturing, sales and service facilities; and
- implementing and enhancing administrative infrastructure, systems and processes.

We will need to, and intend to, continue to hire additional staff with considerable technical expertise, including battery and electrical engineers, design, quality, airworthiness and production staff and service technicians for our aircraft. We will also need to hire additional business services staff with expertise in finance, human resources, information technology, legal, marketing, sales and supply chain, among others. Because our eVTOL aircraft are based on a different technology platform from traditional internal combustion engines, individuals with sufficient training and experience in eVTOL aircraft may not be available to hire, and as a result, we will need to expend significant time and expense training any newly hired employees as we scale. Competition for individuals with experience designing, producing and servicing electric aircraft and their software is intense, and we may not be able to attract, integrate, train, motivate or retain additional highly qualified personnel. We foresee that competition will intensify in the coming years as the eVTOL industry, along with the adjacent and surrounding industries, matures, which will heighten the risk of the Company's facing challenges in attracting and hiring the necessary skilled workforce.

Any failure to manage our growth and attract and retain staff effectively could adversely affect our business, prospects, operating results and financial condition.

Our ability to effectively manage growth and expansion of our operations will also require us to enhance our operational systems, internal controls and infrastructure, human resources policies, organizational structure and reporting systems. These enhancements will require significant capital expenditure and allocation of valuable management and employee resources.

***We are dependent on our senior management team and other highly skilled staff, and if we are not successful in attracting or retaining highly qualified personnel, we may not be able to successfully implement our business strategy.***

Our success depends, in significant part, on the ongoing growth and continued services of our senior management team and on our ability to attract, motivate, develop and retain a sufficient number of other highly skilled personnel, including engineering, finance, marketing, sales, and technology and support personnel. Competition for senior management and key staff in our sector is intense and the pool of qualified candidates is limited, and a competitor may offer a more attractive remuneration package, or may be based in jurisdictions where we may be unable or it may be more difficult to enforce the non-competition restrictive covenants in our employment agreements. In addition, the novel nature of our development aircraft means that our staff's existing experience and skills may not be sufficient to deliver the requirements we need to bring our aircraft through to commercialization. We may be unable to hire, train or retain a sufficient number of appropriately skilled personnel to deliver on our plans, which could impair our ability to execute our business strategy and harm our business, financial condition and results of operations.

If we fail to raise additional capital in a timely manner, we may have increased difficulty in retaining our senior management and key staff or in recruiting additional qualified staff. In addition, as employees receive equity awards through our equity incentive plans, a prolonged decline in the price of our ordinary shares would result in a decline in the monetary value of the equity awards, which may further reduce our ability to motivate and retain our key staff or attract additional highly skilled staff. See also "*—Our business plans require a significant amount of additional capital beyond our current cash and cash equivalents. Such additional capital might not be available to us in a timely manner or on terms that are acceptable, or at all. In addition, our future capital needs may require us to sell additional equity or debt securities that may dilute our shareholders or introduce covenants that may restrict our operations or our ability to pay dividends.*"

The loss of any one or more members of our senior management team or other highly skilled personnel, for any reason, including resignation, retirement or corporate restructuring, could impair our ability to execute our business strategy and harm our business, financial condition and results of operations. Additionally, our financial condition, results of operations and certification and production timelines may be adversely affected if we are unable to attract and retain skilled employees to support our operations and growth.



***If we are unable to establish and maintain confidence in our long term business prospects among customers and analysts and within our industry, or if we are subject to negative publicity, then our financial condition, operating results, business prospects and access to capital may suffer materially.***

Customers may be less likely to purchase our aircraft if they are not convinced that our business will succeed or that our service and support and other operations will continue in the long term. Similarly, partners, suppliers and other third parties will be less likely to invest time and resources in developing business relationships with us if they are not convinced that our business will succeed. Accordingly, in order to build and maintain our business, we must maintain confidence among customers, suppliers, analysts, ratings agencies and other parties in our aircraft, long term financial viability and business prospects. Maintaining such confidence may be particularly complicated by certain factors including those that are largely outside of our control, such as our limited operating history, delays in certification, customer unfamiliarity with eVTOL aircraft, any delays in scaling production, delivery and service operations to meet demand, competition and uncertainty regarding the future of electric aircraft, including our electric aircraft and our production and sales performance compared with market expectations.

***Our aircraft utilization may be lower than expected, and our aircraft may be limited in its performance during certain weather conditions or in other environmental conditions.***

Our aircraft, when produced, may not be able to fly safely over certain terrain, for example over desert or large bodies of water, or in certain weather conditions, including blizzards, snowstorms, heavy rain, thunderstorms, lightning, hail, freezing conditions, strong winds, fog, mist and/or extreme temperatures. This inability to operate in these conditions could reduce our aircraft utilization and cause delays and disruptions in the services provided by our customers and partners. Aircraft utilization is reduced by delays and cancellations from various factors, many of which are beyond our control, including adverse weather conditions, security requirements, air traffic congestion and unscheduled maintenance events. The success of our business is dependent, in part, on the utilization rate of our aircraft by our customers and reductions in utilization may adversely impact the expected sales of our aircraft and aftermarket service revenue and could cause passengers to view our aircraft as less reliable. Any of the foregoing could have an adverse effect on our business, financial condition and results of operations.

***Our aircraft may require maintenance at frequencies or at costs that are unexpected and could adversely impact the estimated prices for those maintenance services that we sell in connection with our aircraft.***

Our aircraft, when they are produced, are anticipated to be highly technical products that will require maintenance and support. We are still developing our understanding of the long term maintenance profile of the aircraft, and if useful lifetimes are shorter than expected, this may lead to greater maintenance costs than previously anticipated. If our aircraft and related equipment require maintenance more frequently than we plan for or at costs that exceed our estimates, that would have an impact on the sales of our aircraft and have a material adverse effect on our business, financial condition and results of operations.

***Our competitors may commercialize their technology in one or more markets before we do.***

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 before we do. Even if we are among the first to market, we may not fully realize the benefits we anticipate, and we may not receive any competitive advantage or may be overtaken by other competitors. If new companies or existing aerospace companies launch competing solutions in the markets in which we intend to operate and/or obtain large scale capital investment, we may face increased competition.

Additionally, our competitors may benefit from our efforts in developing consumer and community acceptance for eVTOL aircraft, making it easier for them to obtain the permits and authorizations required to sell the aircraft in the markets in which we intend to sell or in other markets. In the event we do not capture an early-mover advantage, it may harm our business, financial condition, operating results and prospects.

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Many of our current and potential competitors have substantially greater resources than we have and expect to have in the future. They may also be able to devote greater resources to the development of their current and future technologies or the promotion and sale of their offerings, or offer lower prices. In particular, our competitors may be able to obtain the relevant certification and approvals for their aircraft before we do. Our current and potential competitors may also establish cooperative or strategic relationships amongst themselves or with third parties or may undertake an acquisition or merger to combine their business and technologies that may further enhance their resources and offerings. Further, it is possible that domestic or foreign companies or governments, some with greater experience in the aerospace industry or greater financial resources than we possess, will seek to provide products that compete directly or indirectly with ours in the future.

***We currently target many customers, suppliers and partners that are large corporations with substantial negotiating power and exacting product, quality and warranty standards. If we are unable to sell our products to these customers on satisfactory terms, or buy our suppliers' products on satisfactory terms, our prospects and results of operations will be adversely affected.***

Many of our potential customers, and current and potential suppliers and partners are large, multinational corporations with substantial negotiating power relative to ourselves and, in some instances suppliers may have internal solutions that are competitive to those designed for our aircraft. These large, multinational corporations also have significant development resources, which may allow them to acquire or develop independently, or in partnership with others, competitive technologies.

Meeting the technical requirements and securing design wins with any of these companies will require a substantial investment of our time and resources. We cannot assure you that our products will secure design wins from these or other companies or that we will generate meaningful revenue from the sales of our aircraft to these key potential customers. If our aircraft are not selected by these large corporations or if these corporations develop or acquire competitive technology, this may have an adverse effect on our business.

***In order to reach production for our aircraft, we need to develop complex software and technology systems in coordination with our partners and suppliers, and there can be no assurance such systems will be successfully developed.***

We anticipate that our aircraft will use a substantial amount of sophisticated software and hardware to operate. The development of such advanced technologies is inherently complex, and we will need to coordinate with our partners and suppliers in order to reach production for our aircraft. Defects and errors may be revealed over time and our control over the performance of third party services and systems may be limited. Thus, our potential inability to develop the necessary software and technology systems may harm our competitive position.

We are relying on third party partners to develop a number of emerging technologies for use in our products. These technologies are not today, and may not ever be, commercially viable. There can be no assurances that our partners will be able to meet the technological requirements, production timing, and volume requirements to support our business plan. In addition, the technology may not comply with the cost, performance useful life and warranty characteristics that we anticipate in our business plan. As a result, our business plan could be significantly adversely impacted, and we may incur significant liabilities under warranty claims, which could adversely affect our business, prospects, and results of operations.

***There may be a shortage of pilots and mechanics who meet the training standards required, which could reduce our ability to sell our aircraft at scale and on timelines contemplated.***

There is a shortage of pilots, which is expected to exacerbate over time as more pilots in the industry approach mandatory retirement age. Similarly, trained and qualified aircraft and aviation mechanics with a variety of different skills, including battery maintenance and dealing with high voltage electrical systems, are also in short supply. This will affect the aviation industry, including AAM services and more specifically, our business.

Our service is dependent on recruiting mechanics qualified to perform the requisite maintenance activities, which may be difficult due to the corresponding personnel shortages. If we are unable to hire, train, and retain qualified mechanics, our business could be harmed, and we may be unable to implement our growth plans.

***We may encounter obstacles outside of our control that slow market adoption of eVTOL aircraft or aerial rideshares, such as regulatory requirements or infrastructure limitations.***

Our growth is highly dependent upon the adoption of electric aircraft by customers in the aviation industry, as well as its acceptance by consumers who will travel in the aircraft. The target demographic markets for our aircraft are highly competitive. If the market for electric aircraft does not develop at the rate or in the manner or to the extent that we expect, or if critical assumptions we have made regarding the efficiency of our electric aircraft are incorrect or incomplete, our business, prospects, financial condition and operating results will be harmed. The market for electric aircraft is new and untested and is characterized by rapidly changing technologies, price competition, numerous competitors, evolving government regulation and industry standards, developing infrastructure and uncertain customer demands and behaviors.

***If we experience harm to our reputation and brand, our business, financial condition and results of operations could be adversely affected.***

Continuing to increase the strength of our reputation and brand for high-performing, sustainable, safe and cost-effective advanced air mobility is critical to our ability to attract and retain customers and partners. In addition, our growth strategy includes international expansion through joint ventures or other partnerships with local companies that would benefit from our reputation and brand recognition. The successful development of our reputation and brand will depend on a number of factors, many of which are outside our control. Negative perception of our aircraft or company may harm our reputation and brand, including as a result of:

- complaints or negative publicity or reviews about us, independent third party aircraft operators, fliers or other brands or events that we associate with, even if factually incorrect or based on isolated incidents;
- a failure to deliver against our business targets in a timely manner, including those set out in Vertical's strategy and 2030 goals, as announced in November 2024 ("Flightpath 2030");
- changes to our operations, safety and security or other policies that customers, end-users or others perceive as overly restrictive, unclear or inconsistent with our values;
- illegal, negligent, reckless or otherwise inappropriate behavior by fliers, independent or other third parties involved in the operation of our business or by our management team or other employees;
- actual or perceived disruptions or defects in our aircraft or concerns around safety;
- litigation over, or investigations by regulators into, our operations or those of our independent third party aircraft operators, or our senior management or other personnel;
- a failure to operate our business in a way that is consistent with our values;
- negative responses by independent third party aircraft operators or fliers to new mobility offerings;
- any of the foregoing with respect to our competitors, to the extent such resulting negative perception affects the public's perception of us or our industry as a whole; or
- any actual or perceived risk to our long-term continued operations and commercial viability, including in connection with our funding position.

Any of the foregoing could adversely affect our business, financial condition and results of operations.

***Customer and consumer perception of us and our reputation may be impacted by the broader industry, and customers may not differentiate our aircraft from our competitors.***

Potential customers and consumers may not differentiate between us and the broader aviation industry or, more specifically, the AAM service industry. If our competitors or other participants in this market have problems in a wide range of issues, including safety, technology development, engagement with aircraft certification bodies or other regulators, engagement with communities, target demographics or other positioning in the market, security, data privacy, flight delays, or bad customer service, such problems could impact the public perception of the entire industry, including our business. We may fail to adequately differentiate our brand, our services and our aircraft from others in the market which could impact our ability to attract passengers or engage with other key stakeholders. The failure to differentiate ourselves and the impact of poor public perception of the industry could have an adverse impact on our business, financial condition, and results of operations.

***Unstable market and economic conditions may have serious adverse consequences on our business, financial condition and share price.***

We continue to closely monitor the possible effects of general economic factors, including the impact of inflation, on our business and planning. The global economy, including credit and financial markets, has experienced extreme volatility and disruptions, including severely diminished liquidity and credit availability, rising inflation rates, declines in consumer confidence, declines in economic growth, fluctuations in unemployment rates and uncertainty about economic stability, including as a result of the implementation of tariffs under the new Trump administration and retaliatory tariffs by the targeted countries. There can be no assurance that further deterioration in credit and financial markets and confidence in economic conditions will not occur. If the current equity and credit markets continue to deteriorate, or do not improve, it may make any necessary debt or equity financing more difficult to obtain in a timely manner or on favorable terms, more costly or more dilutive. Furthermore, our share price may decline due in part to the volatility of the stock market and the general economic downturn. In addition, there is a risk that one or more of our partners or suppliers may not survive an economic downturn or recession, which could have a material adverse effect on our ability to manufacture our aircraft in a timely manner or otherwise affect our strategic business goals. These factors have, and may continue to, put pressure on our costs for employees and materials and services we procure from our suppliers. As a result, our business, our results of operations and the price of our ordinary shares may be adversely affected.

***We are subject to risks related to health epidemics and pandemics, such as the COVID-19 pandemic, which could adversely affect our business and operating results.***

We face various risks related to public health issues, including epidemics, pandemics and other outbreaks, such as the COVID-19 pandemic. The potential effects of future public health outbreaks, epidemics or pandemics (including the resurgence of the COVID-19 pandemic) include, but are not limited to, impact on general economic conditions, trade and financing markets, changes in customer behavior and continuity in business operations. Any future public health outbreaks, epidemics or pandemics may disrupt the manufacturing, delivery and overall supply chain of aircraft manufacturers and suppliers, and may lead to a global decrease in aircraft sales in markets around the world. In addition, future public health outbreaks, epidemics, or pandemics may cause a decrease in demand for our aircraft if our customers delay purchases of aircraft generally, an increase in costs resulting from our efforts to mitigate the effects of such public health outbreaks, epidemics or pandemics or the increase in cost of raw materials, delays in our schedule to full commercial production of electric aircraft, disruptions to our supply chain, and the implementation of government restrictions, among other negative effects, any of which may adversely affect our business, financial condition, and results of operations.

***We are subject to risks associated with climate change, including the potential increased impacts of severe weather events on our operations and infrastructure.***

The potential physical effects of climate change, such as increased frequency and severity of storms, floods, fires, fog, mist, freezing conditions, sea level rise and other climate related events, could affect the operations of third party operators, and therefore, our operations and financial results. We could incur significant costs to improve the climate resiliency of our aircraft and otherwise prepare for, respond to and mitigate such physical effects of climate change. We are not able to accurately predict the materiality of any potential losses or costs associated with the physical effects of climate change.

***Market and regulatory trends to reduce climate change may not evolve in the direction and within the timing expected, which could have a negative impact on our business plan.***

A number of governments globally have introduced or are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels. Regulation relating to emission levels and energy efficiency is becoming more stringent and is gaining more widespread market approval, as consumers expect companies to play a role in addressing climate change. Our aircraft will operate on electricity and are being designed to produce zero carbon emissions in operation. We expect that market and regulatory trends favoring such “clean” energy and addressing climate change will continue to evolve in our favor. However, there may be changes or reversals in such market and regulatory trends, such as less focus on climate friendly solutions or less stringent legislation with respect to emissions. For example, on January 20, 2025, U.S. President Donald Trump signed an executive order removing the United States from the 2015 Paris Climate Accords. We may be subject to more stringent regulations than some of our competitors, particularly in light of the deregulation agenda of the new Trump administration. In addition, we are not currently able to determine the overall carbon footprint associated with the lifecycle of our aircraft, including relative to alternative modes of transport, and this may ultimately have a detrimental effect on the marketability of our aircraft to customers and consumers. This could result in lower demand for our eVTOL aircraft and have an adverse effect on our business.

***As we enter service and expand into new territories, we may encounter stronger market resistance than we currently expect, including from incumbent competitors in those territories.***

We may face risks associated with entry into service or any potential international expansion of our operations into new territories, including possible unfavorable regulatory, political, tax and labor conditions, which could harm our business. In addition, in certain of these markets, we may encounter incumbent competitors with established technologies and customer bases, lower prices or costs and greater brand recognition. We anticipate having international operations and subsidiaries that are subject to the legal, political, regulatory and social requirements and economic conditions in these jurisdictions. However, we have no experience to date selling and servicing our aircraft internationally, which would require us to make significant expenditures, including the hiring of local employees and establishing facilities, in advance of generating any revenue. We will be subject to a number of risks associated with international business activities that may increase our costs, impact our ability to sell our electric aircraft and require significant management attention. If we fail to successfully address these risks, our business, prospects, financial condition and operating results could be materially harmed.

***The intended initial operations of our customers may be concentrated in a small number of metropolitan areas and airports, which could indirectly make our business particularly susceptible to natural disasters, outbreaks and pandemics, growth constraints, economic, social, weather and regulatory conditions or other circumstances affecting these metropolitan areas.***

Our business model is to sell to customers, many of whom will fly and service larger metropolitan areas. As a result, our business and financial results may be susceptible to natural disasters, wars, outbreaks and pandemics, growth constraints, economic, social, weather and regulatory conditions or other circumstances applicable to metropolitan areas. In addition, any changes to local laws or regulations within key metropolitan areas that affect our customers’ ability to operate our aircraft in these markets could have an adverse effect on our business, financial condition and operating results.

Disruption of operations at vertiports, whether caused by labor relations, utility or communications issues or power outages could cause our customers to reduce the number of aircrafts that they order or to cancel their orders entirely. Certain airports may regulate our flight operations, such as limiting the number of landings per year, which could reduce our customers’ ability to operate as many aircraft as they originally forecast, which in turn could lead to a reduction in orders of our aircraft. In addition, demand for our customers’ advanced air mobility services could be impacted if drop offs or pickups of fliers become inconvenient because of airport rules or regulations, or more expensive for fliers because of airport imposed fees, which would adversely affect our business, financial condition and operating results.

***We will rely on the vertiport network being developed by third parties. The ability of such networks to support high volume eVTOL service and our aircraft could have an adverse effect on the use of our aircraft and our expected growth potential.***

In order to use our aircraft, our customers will require adequate landing infrastructure. As airports and heliports around the world become more congested, it may not be possible to ensure that our customers' plans can be implemented in a commercially viable manner given infrastructure constraints, including those imposed by inadequate facilities at desirable locations. Access to airports, heliports and vertiports may be prohibitively expensive, not available at all, or may be inconsistent with our projections. Our customers' advanced air mobility service will depend on the ability to develop and operate vertiports in desirable locations in metropolitan locations. Developing and operating vertiport locations will require significant financial investment and permits and approvals from international, national and local regulatory authorities and government bodies and our customers' ability to operate their service will depend on such permits and approvals. We cannot predict whether our customers will be willing or able to make such investment, or whether they will receive such permits and approvals or whether they will receive them in a timely manner. If any of our current or future customers are prohibited, restricted or delayed from developing and operating desirable vertiport locations, our business could be adversely affected.

***The current conditional pre-orders and future sale orders of our aircraft, in both cases once formalized by the execution of master purchase agreements, may or may not be subject to indexed price escalation clauses, which could subject us to losses if we have cost overruns or if increases in costs exceed the applicable escalation rate.***

Aircraft sales contracts are often entered into years before the aircraft are delivered. In order to help account for economic fluctuations between the contract date and delivery date, aircraft pricing in such master purchase agreements may include price escalation clauses to account for cost increases from labor, commodity and other price indices. Our revenue estimates are based on current assumptions with respect to these escalation formulas, but the actual escalation amounts are outside of our control. Escalation factors can fluctuate significantly from period to period and changes in escalation amounts can significantly impact revenues and operating margins in our eVTOL business. We can make no assurance that any customer, current or future, will exercise purchase options, fulfill existing purchase commitments or purchase additional products or services from us. Some of our non-binding pre-orders contemplate price escalation or most-favored nation provisions. The terms and conditions of the master purchase agreements for the pre-orders regarding price escalation clauses are yet to be determined, and there is no assurance that they will be determined in a manner that will mitigate the risks described above.

***Our Convertible Senior Secured Notes issued and outstanding may impact our financial results, result in the dilution of our shareholders, create downward pressure on the price of our ordinary shares, and restrict our ability to raise additional capital or take advantage of future opportunities.***

In connection with the Business Combination, we issued and sold an aggregate of \$200 million principal amount of Convertible Senior Secured Notes to Mudrick Capital in a private placement.

The Convertible Senior Secured Notes were initially convertible into up to 1,818,182 ordinary shares (as adjusted for the Reverse Share Split, and excluding any PIK interest) at an initial conversion rate of 9.09091 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.

On December 23, 2024, the Company entered into the first supplemental indenture (the "First Supplemental Indenture") with U.S. Bank Trust Company, National Association, acting as trustee and collateral agent (the "Trustee"). The First Supplemental Indenture sets forth certain amendments to the Indenture, including: (i) increasing the interest rate applicable to the Convertible Senior Secured Notes to 10.00% for cash interest and 12.00% for PIK interest; (ii) extending the maturity date of the Convertible Senior Secured Notes to December 15, 2028; and (iii) providing for a fixed conversion price of \$2.75 per ordinary share for half of the principal amount of the Convertible Senior Secured Notes and \$3.50 per ordinary share for the other half. Following the execution of the First Supplemental Indenture, the holders of the Convertible Senior Secured Notes delivered conversion notices to the Company for the conversion of half, or approximately \$130 million in principal amount, of the Convertible Senior Secured Notes at a fixed conversion price of \$2.75 per ordinary share (the "Partial Conversion"), which resulted in the issuance of 47,343,585 ordinary shares by the Company to the holders of the Convertible Senior Secured Notes. Immediately following the Partial Conversion, half, or approximately \$130 million in principal amount, of the Convertible Senior Secured Notes remained outstanding and, as of February 14, 2025, 37,198,531 ordinary shares are issuable upon exercise of this remaining outstanding principal amount of the Convertible Senior Secured Notes.

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The sale of the Convertible Senior Secured Notes may affect our earnings per share figures, as accounting procedures may require that we include in our calculation of earnings per share the number of our ordinary shares into which the Convertible Senior Secured Notes are convertible. If our ordinary shares are issued to the holders of the Convertible Senior Secured Notes upon conversion of the remaining outstanding Convertible Senior Secured Notes, there will be further dilution to our shareholders' equity and, if some or all such issued shares are then resold by Mudrick Capital, the market price of our ordinary shares may decrease due to the additional selling pressure in the market. Any downward pressure on the price of our ordinary shares caused by the sale, or potential sale, of shares issuable upon conversion of the Convertible Senior Secured Notes could also encourage short sales by third parties, creating additional selling pressure on our ordinary share price.

***We may still incur substantially more debt or take other actions that would diminish our ability to make payments on the Convertible Senior Secured Notes when due.***

We and our subsidiaries may be able to incur substantial additional debt in the future, subject to the restrictions contained in our debt instruments. We are subject to certain restrictions under the terms of the Indenture, including limitations regarding incurring future indebtedness, subject to specific allowances in the Indenture. However, we will not be restricted from recapitalizing our debt or taking a number of other actions that are not limited by the terms of the Indenture that could have the effect of diminishing our ability to make payments on the Convertible Senior Secured Notes when due.

***As an international business, we are exposed to fluctuations in currency exchange rates, which could adversely affect our cash flows and results of operations.***

International markets are anticipated to contribute a substantial portion of our revenue, and we intend to expand our presence in these regions. The exposure to fluctuations in currency exchange rates takes on different forms. International revenue and costs are subject to the risk that fluctuations in exchange rates could adversely affect our reported revenue and profitability when translated into British pounds sterling, our presentation currency, for financial reporting purposes. We expect that the currency in which we receive our revenue may vary from the denomination of the currency in which we incur our costs. Fluctuations in currency exchange rates could adversely affect the demand for products and services provided by us. As an international business, our businesses may occasionally invoice third party customers or be invoiced by third party suppliers in currencies other than the one in which they primarily do business (the "functional currency"). Movements in the invoiced currency relative to the functional currency could adversely impact our cash flows and our results of operations. As our international sales commence and grow, exposure to fluctuations in currency exchange rates could have a larger effect on our financial results. Our management has used, and expects to continue to use, financial instruments to hedge against currency fluctuations, but such action may be ineffective or insufficient.

***We may need to initiate or defend against intellectual property infringement or misappropriation claims, which may be time consuming and expensive and, if adversely determined, could limit our ability to sell our aircraft or otherwise operate our business.***

Companies, organizations or individuals, including our competitors, may own or obtain proprietary intellectual property rights such as patents and designs that could prevent or limit our ability to make, use, develop or deploy our aircraft, which could make it more difficult for us to operate our business. In addition, organizations or individuals, including our competitors, hold or maintain rights in copyright, confidential information and trade secrets.

We, our partners and/or suppliers, may receive inquiries and claims from owners of such proprietary intellectual property rights, copyright, confidential information and trade secrets, inquiring whether, or alleging that, we, or our partners and/or suppliers, infringe upon or have misappropriated their rights. Dealing with these inquiries or claims, even if the allegations are unsuccessful or unsubstantiated, could result in substantial costs, demand on management resources and damage to our reputation.

As a result of any court determination that we have infringed upon or misappropriated a third party's rights, or as a result of settlement of such claims, we and our partners and/or suppliers may be required to do one or more of the following:

- cease development, sales or use of our products that incorporate the asserted rights;
- pay substantial damages;
- divert significant resources towards litigation or dispute resolution;

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- if available, obtain a license from the owner of a successfully asserted intellectual property right, which license may not be available on reasonable terms (including royalties); or
- re-design one or more aspects or systems of our aircraft or other offerings to avoid ongoing infringement of rights.

Any inquiry, allegation or claim of intellectual property infringement or misappropriation against us or any of our partners and/or suppliers, whether or not successful, could harm our business, prospects, financial condition and operating results.

While we attempt to manage the risks presented by competitor patents including through monitoring competitor patent portfolios and taking pre-emptive action to mitigate potential risks posed by competitor patents, there can be no assurance that our processes will identify or successfully mitigate these risks.

As of December 31 2024, we have filed an Opposition with the European Patent Office against one such competitor patent right.

### ***We may be unable to protect our proprietary information and intellectual property rights or prevent unauthorized use by third parties.***

Our success depends, in part, on our ability to protect our proprietary information and intellectual property rights, including in or in relation to certain technologies deployed in our aircraft. To date, we have relied on trade secrets and confidentiality to protect our proprietary information and have applied for a number of patents (currently granted and pending) in the United States, the United Kingdom, European territories covered by the European Patent Convention, internationally under the Patent Cooperation Treaty, and, for certain inventions, further afield in Japan and China. The agreements that we enter into, or will enter into in the future, with our partners, suppliers, consultants and other third parties include relevant provisions to protect our intellectual property rights and proprietary information including non-disclosure, assignment or license terms, as well as take other measures such as limiting access to our trade secrets and other confidential information and including intellectual property ownership and confidentiality clauses in our employment contracts. We intend to continue to rely on these and other means, including patent protection, in the future. However, the steps we take to protect our intellectual property and proprietary information may be inadequate comprehensively to protect our technologies in all jurisdictions, and unauthorized parties may attempt to copy aspects of our intellectual property or obtain and use information that we regard as proprietary and, if successful, may harm our ability to compete, accelerate the development programs of our competitors, and/or result in a deteriorated competitive position in the market. Moreover, our non-disclosure agreements do not prevent our competitors from independently developing technologies that are substantially equivalent or superior to ours, and there can be no assurance that our competitors or third parties will comply with the terms of these agreements, or that we will be able to successfully enforce such agreements or obtain sufficient remedies if they are breached. Additionally, there can be no assurance that the intellectual property rights we own or license will provide competitive advantages or will not be challenged, revoked, invalidated, opposed or circumvented by our competitors.

Further, obtaining and maintaining patent and design protection can be costly, and we may choose not to, or may fail to, pursue or maintain such forms of protection for each and every part of our technology in the United States, United Kingdom or other jurisdictions in which we may operate in the future, which could harm our ability to maintain our competitive advantage in such jurisdictions. It is also possible that we will fail to identify patentable aspects of our technology before it is too late to obtain patent protection, that we will be unable to devote the resources to file and obtain grant of all patent applications for such technology, or that we will inadvertently lose protection for failing to comply with all procedural, documentary, payment and similar obligations during the patent prosecution process. The laws of some countries do not protect proprietary rights or confidential information to the same extent as the laws of the United States or the United Kingdom, and mechanisms for enforcement of intellectual property rights and breaches of confidence in some foreign countries may be inadequate to prevent other parties from infringing our proprietary intellectual property or misappropriating our proprietary information. To the extent we expand our international activities, our exposure to unauthorized use of our technologies and proprietary information, and the limitations to our ability to prevent this, may increase. We may also fail to detect unauthorized use of our intellectual property or proprietary information or be required to expend significant resources to monitor and protect our intellectual property rights and third party uses thereof, including engaging in litigation, which may be costly, time-consuming, and divert the attention of management and resources, and may not ultimately be successful. If we fail to meaningfully establish, maintain, protect our proprietary information and enforce our intellectual property rights, our business, financial condition and results of operations could be adversely affected.



***If we or our third party service providers fail to protect Confidential Information or experience a security incident, or if unauthorized parties otherwise obtain access to our Confidential Information or IT Systems, including our customers' data, partners' data or other personal data, our reputation may be harmed, demand for services may be reduced and we may incur significant liabilities which would materially and adversely affect our business, results of operations and financial condition.***

We rely on computer systems, telecommunications services, hardware, software, technology infrastructure and online sites and networks for both internal and external operations (collectively, "IT Systems") that are important to the operation of our business, some of which are managed by third parties. These third parties are typically under no obligation to renew agreements and there is no guarantee that we will be able to renew these agreements on commercially reasonable terms, or at all. These IT Systems are used to process, transmit and store electronic information related to our business operations, including confidential information such as trade secrets as well as Personal Information and other data about customers, employees, business partners and others (collectively, "Confidential Information").

We face numerous and evolving cybersecurity risks that threaten the confidentiality, integrity and availability of our IT Systems and Confidential Information. Any security incident, including those resulting from a cybersecurity attack, phishing attack or any unauthorized access, unauthorized usage, virus or similar breach or disruption could result in the loss or destruction of or unauthorized access to, or use, alteration, disclosure, or acquisition of, Confidential Information, damage to our reputation, litigation, regulatory investigations or other liabilities. Cybersecurity attacks are expected to accelerate on a global basis in frequency and magnitude, and the techniques and tools (including artificial intelligence) used to breach security safeguards, circumvent security controls, evade detection and remove forensic evidence are evolving rapidly. Additionally such attacks are of ever-increasing levels of sophistication and are made by groups and individuals with a wide range of motives and expertise, including organized criminal groups, hackers and "hacktivists," state-sponsored organizations, as well as through diverse attack vectors, such as social engineering/phishing, malware (including ransomware), malfeasance by insiders, human or technological error, malicious file attacks, viruses, worms, cross-site scripting, credential abuse, network penetration, denial of service attacks, and as a result of bugs, misconfigurations or exploited vulnerabilities in software or hardware. In particular, ransomware attacks, including those from organized criminal threat actors, nation-states, and nation-state supported actors, are becoming increasingly sophisticated, prevalent and severe, and can lead to significant interruptions in our operations, loss of data and income, reputational loss, diversion of funds, and may result in fines, litigation and unwanted media attention. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting payments. Moreover, any failures in our IT Systems could affect our ability to operate our aircraft or otherwise conduct business.

In addition, we engage third party service providers to store and otherwise process some of our data, including Confidential Information. Our service providers may also be the targets of cybersecurity attacks, malicious software, phishing schemes, and fraud. Our ability to monitor our vendors and service providers' data security is limited, and, in any event, third parties may be able to circumvent those security measures, resulting in the unauthorized access to, misuse, acquisition, disclosure, loss, alteration, or destruction of our data, including our Confidential Information. Moreover, because we make extensive use of third party suppliers and service providers, successful cybersecurity attacks that disrupt or result in unauthorized access to third party IT Systems can materially impact our operations and financial results. As a result, we may not be able to address these threats proactively or implement adequate preventative measures, and we may be unable to promptly detect and address any such disruption and/or security incident, if at all. Additionally, remote and hybrid working arrangements at our company (and at many third party providers) also increase cybersecurity risks due to the challenges associated with managing remote computing assets and security vulnerabilities that are present in many non-corporate and home networks. Further, any integration of artificial intelligence in our or any third party's operations, products or services is expected to pose new or unknown cybersecurity risks and challenges. As a result, as threats related to cybersecurity develop and grow, we may also find it necessary to make further investments to protect our data and infrastructure, which may impact our results of operations.

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Further, the costs to eliminate or address the foregoing security threats and vulnerabilities before or after a cybersecurity incident could be significant. Our remediation efforts may not be successful and could result in interruptions, delays or cessation of service, and loss of existing or potential suppliers or players. We maintain cybersecurity policies and procedures designed to manage risk to our IT Systems, and we continuously adapt our systems and processes to mitigate such threats, and plan to enhance our protections against such attacks. Nevertheless, in light of the complex and evolving nature of such incidents, there can also be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our IT Systems and Confidential Information, including where acquired entities are involved or being integrated. While to date no incidents have had a material impact on our operations or financial results, we cannot guarantee that material incidents will not occur in the future. We also do not maintain insurance policies covering losses relating to cybersecurity incidents, which may increase any potential harms that the business may suffer from a cybersecurity attack. As a result, we may be unable to cover all possible claims stemming from security incidents, cybersecurity attacks and other types of unlawful activity, or any resulting disruptions from such events, and we may suffer losses that could have a material adverse effect on our business.

### ***Any material disruption in our IT Systems could adversely affect our business.***

Our IT Systems will process, transmit and store Confidential Information of our business, allow us to coordinate our business across our operation bases and allow us to communicate with our employees and externally with customers, suppliers, partners and other third parties. While we believe we take reasonable steps to secure these IT Systems, and the data processed, transmitted and stored thereon, such networks, systems and data may be susceptible to cyberattacks, viruses, malware or other unauthorized access or damage (including by environmental, malicious, or negligent acts), which could result in unauthorized access to, or the release and public exposure of, our Confidential Information. Our IT Systems may be vulnerable to damage or interruption from circumstances beyond our control, including fire, natural disasters, systems failures, computer viruses, external and internal security breaches or other security incidents and external factors, such as trade wars, political tensions or armed conflicts that could make it more difficult for us to access information stored in other countries. Our third party information technology providers are also subject to these risks, which could impact our ability to access these systems and any data outside of our physical control. Any adverse impact to the availability, integrity or confidentiality of our IT Systems or Confidential Information as a result of any of the foregoing could cause substantial harm to our business, require us to make notifications to governmental authorities, or the media, and could result in legal claims or proceedings (including class actions), regulatory investigations or inquiries by government authorities, or subject us to enforcement actions, penalties, fines and other costs relating to incident response, future compliance costs and system remediation of such an attack or other unauthorized access or damage to our IT Systems.

### ***We may not be able to secure adequate insurance policies, or secure insurance policies at reasonable prices.***

We maintain public liability and employers liability insurance and aviation liability coverage, directors and officers insurance and other insurance policies, and we believe our level of coverage is customary in our industry. However, there can be no assurance that it will be sufficient to cover potential claims or that present levels of coverage will be available in the future at reasonable cost. The eVTOL market is currently a nascent market for insurers, and as such, insurers may be unwilling to cover the risks associated with eVTOL technology, either partially or at all. Further, we expect our insurance needs and costs to increase as we build production facilities, manufacture aircraft, establish commercial operations and expand into new markets, and it is too early to determine what impact, if any, the commercial operation of eVTOLs will have on our insurance costs.

### ***Changes in our tax rates, unavailability of certain tax credits or reliefs or exposure to additional tax liabilities, clawbacks or assessments could affect our profitability, and audits by tax authorities could result in additional tax payments for prior periods.***

We expect to be affected by various domestic and international taxes, including direct and indirect taxes imposed on our activities, such as corporate income, withholding, customs, excise, value added, sales and other taxes. Significant judgment is required in determining our provisions for taxes, and there are many transactions and calculations where the ultimate tax determination is uncertain.

The amount of tax we expect to pay may be subject to audits by international, domestic and local tax authorities. If audits result in payments or assessments different from our reserves, our future results may include unfavorable adjustments to our tax liabilities, and our financial statements could be adversely affected. Any significant changes to the tax system in the United Kingdom, United States, Cayman Islands or in other jurisdictions (including changes in the taxation of international income as further described below) could adversely affect our business, financial condition and results of operations.

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We are subject to U.K. corporation tax, which is levied on profits generated in the U.K. and abroad. At the Autumn Budget 2024, the U.K. government announced a cap to the headline rate of Corporation Tax at 25% for the duration of the current Parliament. A small profits rate of 19% exists for companies with profits of £50 thousand or less. Companies with profits between £50 thousand and £250 thousand pay tax at the main rate, reduced by a marginal relief.

We carry out extensive research and development activities, and as a result, we expect to benefit in the United Kingdom from HM Revenue & Customs' ("HMRC") research and development tax reliefs, which provides relief against U.K. corporation tax.

At the Spring Budget 2023 the U.K. government confirmed a higher rate of payable tax credit for loss-making research and development intensive small and medium enterprises ("SME") would be introduced and would apply to expenditure incurred on or after April 1, 2023. SME companies for which qualifying research and development expenditure constitutes at least 40% of total expenditure can claim a higher payable credit rate of 14.5% for qualifying research and development expenditure.

At the Autumn Statement 2023, the U.K. government announced the merging of the current SME and research and development expenditure credit ("RDEC") schemes into one scheme with a headline rate of relief of 20%. The merged scheme will take effect for accounting periods beginning on or after April 1, 2024 and run alongside the intensive SME rate that commenced on April 1, 2023.

At the Autumn Budget 2024, the U.K. government announced that R&D reliefs will be maintained, including the rates for both the merged scheme and the intensive SME scheme.

Our qualifying research and development expenditures largely consist of employment costs for research staff, consumables and certain internal overhead costs incurred as part of research projects for which we do not receive revenue and are loss generating.

If there are unexpected adverse changes to the current R&D tax reliefs or for any reason we are unable to qualify for such advantageous tax legislation enabling tax reliefs for research and development, then our business, results of operations and financial condition may be adversely affected.

### ***We may incur tax liabilities in relation to incentive awards held by employees.***

We have in place certain arrangements to attract talent and to motivate and incentivize our employees.

A number of our employees have been issued incentive awards (in the form of share based awards and "phantom" cash-based awards), some of which are intended to qualify for certain tax reliefs in the United Kingdom, the United States and France. Generally, at settlement of these awards, we may be subject to:

- Employee income tax and/or social security (or other similar charges) withholding and reporting obligations; and
- Employer social security in respect of the award which will need to be paid to the local tax authority.

In the U.K., the tax rules provide that, in connection with share-based awards, including enterprise management incentive ("EMI") options, this cost and/or liability may be passed to the employee, and this is reviewed on a case-by-case basis.

The tax authority can seek to recover unpaid amounts and impose penalties if we did not comply with these obligations.

***Our business may be adversely affected by union activities.***

Although none of our employees are currently represented by a recognized labor union, it is common throughout the aerospace and airline industries generally for many employees to belong to a union, which can result in higher employee costs and increased risk of work stoppages. As we expand our business, there can be no assurances that our employees will not join or form a recognized labor union or that we will not be required to become a union signatory. We are also directly or indirectly dependent upon companies with unionized work forces, such as parts suppliers, and work stoppages or strikes organized by such unions could have a material adverse impact on our business, financial condition or operating results. If a work stoppage occurs, it could delay the manufacture and sale of our performance electric vehicles and have a material adverse effect on our business, operating results or financial condition.

***We are subject to many hazards and operational risks that can disrupt our business, including interruptions or disruptions in service at our facilities, which could have a material adverse effect on our business, financial condition and results of operations.***

Our manufacturing operations are hazardous at times and may expose us to safety risks, including environmental risks and health and safety hazards to our employees or third parties. Additionally, our operations are subject to many hazards and operational risks inherent to our business, including general business risks, product liability and damage to third parties, our infrastructure or properties that may be caused by fires, floods and other natural disasters, power losses, telecommunications failures, terrorist attacks (including hijacking, use of the aircraft as a weapon, or use of the aircraft to disperse a chemical or biological agent), catastrophic loss due to security related incidents, human errors and similar events.

***Any legal proceedings, investigations or claims against us could be costly and time consuming to defend and could harm our reputation regardless of the outcome.***

We may in the future become subject to legal proceedings, investigations and claims, including claims that arise in the ordinary course of business, such as claims brought by our customers or partners in connection with commercial disputes, claims by end-users, claims or investigations brought by regulators, claims made against our directors or officers or employment claims made by our current or former employees. Any litigation, investigation or claim, whether meritorious or not, could harm our reputation, will increase our costs and may divert management's attention, time and resources, which may in turn harm our business, financial condition and results of operations. Insurance might not cover such claims, might not provide sufficient payments to cover all the costs to resolve one or more such claims, and might not continue to be available on terms acceptable to us. A claim brought against us that is uninsured or underinsured could result in unanticipated costs, potentially harming our business, financial position and results of operations.

***Our business could be impacted by ongoing geopolitical conflicts.***

We are closely monitoring the possible impact that ongoing geopolitical conflicts 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 the geopolitical conflicts have had a direct impact upon us, as we do not have any operations or direct suppliers located in Ukraine, Russia, Israel or Gaza, and have not yet experienced any direct impacts from any ongoing geopolitical conflict, we believe our continuing design and development activities, regulatory certification processes and ability to 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. For example, the continuance or any escalation of any geopolitical conflict could result in disruptions to our business and operations, increased inflationary pressures, increased raw material costs, disruption to supply chains, disruption to transportation or increased transportation costs, increased cyberattacks or data security incidents and other adverse impacts on our anticipated costs and commercialization timeline. Russia provides most of the titanium used globally in the manufacture of aircraft, which we expect to require for certain components in our aircraft. Existing or additional government actions, including economic sanctions and export control restrictions introduced by the U.S., EU, U.K. and other jurisdictions, taken in response to the conflict could also adversely impact the commercial and regulatory environment in which we operate.

We continue to closely monitor the possible effects of the ongoing geopolitical conflicts and general economic factors on our business and planning. These factors put pressure on our costs for employees and materials and services we procure from our suppliers, as well as affect other stakeholders and regulatory agencies.

***The increasing focus on environmental sustainability and social initiatives could increase our costs, harm our reputation and adversely impact our financial results.***

There has been increasing public focus by investors, environmental activists, the media and governmental and non-governmental organizations on a variety of environmental, social and other sustainability matters. We may experience pressure to make commitments relating to sustainability matters that affect us, including the design and implementation of specific risk mitigation strategic initiatives relating to sustainability. If we are not effective in addressing environmental, social and other sustainability matters affecting our business, or setting and meeting relevant sustainability goals, our reputation and financial results may suffer. In addition, we may experience increased costs in order to execute upon our sustainability goals and measure achievement of those goals, which could have an adverse impact on our business and financial condition.

In addition, this emphasis on environmental, social and other sustainability matters has resulted and may result in the adoption of new laws and regulations, including new reporting requirements. If we fail to comply with new laws, regulations or reporting requirements, our reputation and business could be adversely impacted.

**Risks Related to Our Regulatory Environment**

***The international nature of our business subjects us to additional risks.***

We are subject to a number of risks related to doing business internationally, any of which could significantly harm our business. These risks include, but are not limited to:

- restrictions on the transfer of funds to and from foreign countries, including potentially negative tax consequences;
- unfavorable changes in tariffs, quotas, trade barriers or other export or import restrictions, including navigating the changing relationships between countries globally such as the United States, Russia and China;
- unfavorable foreign exchange controls and currency exchange rates;
- increased exposure to general international market and economic conditions;
- political and economic uncertainty and volatility;
- the potential for substantial penalties and litigation related to violations of a wide variety of laws, treaties and regulations, including anti-corruption regulations (including the U.S. Foreign Corrupt Practices Act 1977 (as amended, the “FCPA”) and the U.K. Bribery Act 2010 (the “Bribery Act”)) and privacy laws and regulations (including the EU’s General Data Protection Regulation and U.S. FTC Act and other state privacy laws);
- significant differences in regulations across international markets and the regulatory impacts on a globally integrated supply chain;
- the difficulty and costs of designing and implementing an effective control environment across diverse regions and employee bases;
- the difficulty and costs of maintaining effective data security;
- global pricing pressures; and
- unfavorable and/or changing foreign tax treaties and policies.

In addition, our financial performance on a British pounds sterling denominated basis is subject to fluctuations in currency exchange rates, as our principal funding and sales exposure is to the U.S. dollar. See note 25 to our consolidated financial statements included elsewhere in this Annual Report.

***We are subject to laws and regulations worldwide, many of which are unsettled and still developing and which could increase our costs or materially and adversely affect our business.***

We are subject to a variety of laws internationally that affect our business, including, but not limited to, laws regarding aerospace, employment, safety, anti-money laundering, securities regulation, privacy and taxation, all of which are continuously evolving and developing. The scope and interpretation of the laws that are or may be applicable to us are often uncertain and may be conflicting and compliance with laws, regulations and similar requirements may be burdensome and expensive. Laws and regulations may be inconsistent from jurisdiction to jurisdiction, which may increase the cost of compliance and doing business. Any such costs, which may rise in the future as a result of changes in these laws and regulations or in their interpretation, could make our aircraft less attractive to our customers, delay our targeted certification date, alter our design specifications or safety standards, impact our production timelines or cause us to change or limit our ability to sell our aircraft. We expect to put in place policies and procedures designed to ensure compliance with applicable laws and regulations, but we cannot assure you that our employees, contractors or agents will not violate such laws and regulations or our policies and procedures.

It is difficult to predict how existing or new laws may be applied. If we become liable, directly or indirectly, under these laws or regulations, we could be harmed, and we may be forced to implement new measures to reduce our exposure to this liability. This may require us to expend substantial resources or to modify our aircraft, which would harm our business, financial condition and results of operations. In addition, the increased attention focused upon liability issues as a result of lawsuits and legislative proposals could harm our reputation or otherwise impact the growth of our business. Any costs incurred as a result of this potential liability could harm our business, financial condition or results of operations.

***Our aircraft might not comply with all the requirements to operate according to Instrument Flight Rules.***

We are subject to a variety of certification requirements in the jurisdictions in which we operate, including those relating to IFR. While we are working to ensure that our aircraft is certified to operate under IFRs, including at low levels and in an urban environment, there can be no assurance that we will be successful.

Existing IFR were designed based on the capabilities of traditional aircraft. Electric aircraft have different capabilities, in particular, with respect to loiter time and diversion range. Aviation regulators acknowledge and are working towards making the appropriate revisions to accommodate these new types of aircraft, but there can be no assurance that these changes will be made in a timely manner or at all, or that globally consistent standards will be promulgated. Further, there can be no assurance that our aircraft will be capable of meeting any newly defined IFR or other similar requirements in the future.

If we are unable, either fully or partially, to certify our aircraft in accordance with the IFR, then this could limit the ability of our aircraft to fly under certain conditions, which could impair our ability to meet our customers' requirements and as a result, harm our sales to our customers and potential new customers. In turn, this could adversely affect our business, financial condition and results of operations.

***We may be unable to obtain the relevant regulatory approvals needed to produce and sell the aircraft on timelines we expect or at all.***

The commercialization of new aircraft and the operation of an aerial mobility service requires certain regulatory authorizations and certifications. A DOA and a POA are required to be obtained and maintained in order to be able to manufacture aircraft pursuant to an approved type design (e.g., type certificate). We received a DOA from the CAA in March 2023 and will need to obtain a POA from the CAA. We then need to obtain a type certificate for the aircraft from the CAA and EASA (which we expect to occur concurrently as EASA has agreed to concurrently validate the CAA's certification) and then undergo successful foreign validation approvals to operate in other jurisdictions, for example with the FAA. While we anticipate being able to achieve these regulatory approvals, should we fail to do so, or fail to do so in a timely manner, or at all, or if these approvals or certifications are modified, suspended or revoked after we obtain them, we may be unable to provide our aircraft on projected timelines, or at all, which could have a material adverse effect on the relationships that we have with our customers and negatively impact our reputation, which could harm our ability to attract new customers. Any of the foregoing could have adverse effects on our business, financial condition and results of operations.

***Prospective operators of our aircraft may not be able to obtain the relevant regulatory approvals to operate our aircraft.***

Our customers will need to obtain regulatory approval to operate the aircraft. This will include either obtaining an air (carrier) operator's certificate from their national authority or amending an existing certificate to include our aircraft. If obtaining such approvals is significantly more difficult, costly or time consuming than envisaged, this may affect demand for our aircraft. Any of the foregoing would have adverse effects on our business, financial condition and results of operations.

***Regulatory and planning authorities may introduce regulatory, procedural or policy changes to reflect the novel aspects of eVTOL aircraft, including in relation to pilot training, aircraft operation and maintenance. If changes are introduced, they may have a detrimental impact on our ability to successfully deploy and commercialize our aircraft, or to do so in a timely manner.***

There are a number of existing and proposed laws, regulations and standards that may apply to our aircraft, including standards that were not originally intended to apply to electric aircraft. While our aircraft and our service will be designed, at launch, to operate as far as possible within the existing CAA, EASA, FAA or other regulatory frameworks in which we intend to operate, we anticipate national authorities may introduce changes to those frameworks, which may prohibit, restrict or delay our ability to launch in the relevant market. Regulatory authorities may introduce changes specifically to address electric aircraft or high-volume flights, which could have a negative impact on the sales of our aircraft or services.

In addition, the increased volume of flights resulting from AAM and AAM services may result in regulatory changes for integration into the airspace systems applicable to our operations. We may be unable to comply with such regulatory changes at all or do so in a timely manner, thereby interrupting our operations. Such regulatory changes could also result in increased costs and pricing of our services, reducing demand and adversely impacting our financial performance.

***If current airspace and zoning regulations are not modified to increase air traffic capacity, our business could be subject to considerable capacity limitations.***

A failure to increase air traffic capacity at and in the airspace serving key markets, including around major airports in the United States, Europe or overseas, could create capacity limitations for the future operations of the third party operators and could have an indirect material adverse effect on our business, results of operations and financial condition. In particular, delays and disruptions to customers' services (especially during peak travel periods or adverse weather conditions in certain markets) could be caused by capacity constraints resulting from weaknesses in the relevant airspace systems and air traffic control systems, such as legacy procedures and technologies, or from zoning restrictions that limit flight volumes at existing airports or prevent the construction of new air traffic infrastructure.

***Changes in government regulations imposing additional requirements and restrictions on our manufacturing and other operations could increase costs and result in delays and disruptions.***

Aerospace manufacturers are subject to extensive regulatory and legal requirements that involve significant compliance costs. The CAA, EASA or the FAA may issue regulations relating to aircraft that could require significant expenditures in the design, production or operation of the aircraft. Implementation of the requirements created by such regulations may result in increased costs for us and delays in our manufacturing and other operations.

Additional laws, regulations, taxes, and airport rates and charges have been proposed from time to time that could significantly increase the time and cost of our operations, impact our customers' services or generally reduce the demand for air travel. If adopted, these measures could reduce revenue and increase costs. We cannot assure you that these and other laws or regulations enacted in the future will not harm our business.

***Our business may be subject to stringent export and import control laws and regulations, as well as laws and regulations designed to protect national security. Unfavorable changes in these laws and regulations or licensing policies, failure to secure timely government authorizations under these laws and regulations, or failure to comply with these laws and regulations could have a material adverse effect on our business, financial condition and results of operation.***

Our business may be subject to stringent U.K., U.S. and other applicable import, export and re-export control laws and regulations, as well as laws and regulations designed to protect national security. We, and our suppliers, are required to import and export our products, software, technology and services, as well as run our operations in full compliance with such laws and regulations. Similar laws that impact our business exist in other jurisdictions. Pursuant to these trade control laws and regulations, we are required, among other things, to (i) determine the proper licensing jurisdiction and export classification of products, software, and technology, and (ii) where necessary, obtain licenses or other forms of government authorization to engage in the conduct of our business. The authorization requirements may include the need to obtain export licenses or similar permissions from the relevant governmental regulators in order to export or re-export controlled products, software or technology, including to release such controlled goods to foreign person employees and other foreign persons, and to ensure compliance with the terms of such licenses or permissions. These foreign trade controls may prohibit, restrict or regulate our ability to, directly or indirectly, export, deemed export, re-export, deemed re-export or transfer certain hardware, technical data, technology, software or services to certain countries and territories, entities and individuals and for end uses. U.K., U.S. or other applicable trade control laws and regulations may also change or lead to reclassifications of our products or technologies. A number of our key suppliers, including Honeywell, Leonardo, and GKN Aerospace, are based in, or have substantial engineering resources located in, the U.S. and are also actively involved in the defense industry. Due to the cutting edge nature of our industry and aircraft, the U.S., U.K. or other governments, could make key technologies that we, or our suppliers, are developing or are intending to use, subject to export control legislation, including the U.S. International Traffic in Arms Regulations or the Export Administration Regulations (the “EAR”). Furthermore, transactions involving our business may be subject to scrutiny and intervention by regulatory authorities in the interest of national security. For example, the U.K. National Security and Investment Act, which came into force on January 4, 2022, gives the U.K. government powers to scrutinize and intervene in business transactions, such as takeovers, to protect national security, including by way of nullifying transactions.

The inability to secure and maintain necessary export licenses and other authorizations, or the failure to comply with the terms of licenses that we have obtained, could negatively impact our ability to compete successfully or to operate our business as planned. In February 2022, we determined that we inadvertently released certain technology controlled under the EAR to up to four individual employees of a third party without appropriate authorization under the EAR. Such access was terminated immediately upon discovery, an internal review was commenced and, acting on advice of specialist legal counsel, we submitted an initial voluntary self-disclosure to the U.S. Commerce Department’s Office of Export Enforcement (“OEE”) in April 2022 followed by a final voluntary self-disclosure in December 2022. In January 2023 we received a letter from the OEE confirming that it believed the referenced conduct constituted a violation(s) of the Export Control Reform Act of 2018, 50 U.S.C. 4801-4852 ct and/or the EAR; but that the OEE had decided not to refer this matter for criminal or administrative prosecution and closed the matter with the issuance of the warning letter. The warning letter is in Vertical’s record and will be considered if future violations occur. There can be no assurance we will be successful in our future efforts to secure and maintain necessary licenses, registrations, or other U.K., U.S. or other relevant government regulatory approvals.

If we, our affiliates or our suppliers, are found to be in violation of these laws and regulations, it could result in civil and criminal, monetary and non-monetary penalties, nullification of transactions, the loss of export or import privileges, debarment and/or reputational harm, any of which may adversely affect our business, financial condition, and results of operation.



***We are subject to anti-corruption, anti-bribery, anti-money laundering, economic and trade sanctions and similar laws, and non-compliance with such laws can subject us to criminal or civil liability and harm our business, financial condition and results of operations.***

We are subject to certain anti-corruption, anti-bribery, anti-money-laundering, and economic and trade sanctions laws, including those that are administered by the U.K., EU, U.S. and United Nations Security Council, and other relevant governmental authorities.

We are also subject to the Bribery Act, FCPA, and the U.S. PATRIOT Act, as well as the laws of the other countries in which we conduct our activities. The FCPA prohibits us and our officers, directors, employees, and agents and business partners acting on our behalf, from corruptly offering, promising, authorizing or providing anything of value to a “foreign official” for the purposes of influencing official decisions or otherwise securing an improper advantage to obtain or retain business. The FCPA further requires companies listed on U.S. stock exchanges to make and keep books and records that accurately reflect transactions and dispositions of assets and to maintain a system of internal accounting controls. The Bribery Act also prohibits:

- (i) “commercial bribery” of private parties, in addition to bribery involving domestic or foreign officials;
- (ii) the acceptance of bribes, as well as the giving of bribes, and
- (iii) “facilitation payments,” meaning generally low level payments designed to secure or expedite routine governmental actions or other conduct to which persons are already under obligations to perform.

The Bribery Act also creates a corporate offence of the failure to prevent bribery by our employees, officers, directors and other third parties acting on our behalf, to which it is a defense to maintain “adequate procedures” designed to prevent such acts of bribery.

We also are subject to the jurisdiction of various governments and regulatory agencies around the world, which may bring our personnel and agents into contact with public officials responsible for issuing or renewing permits, licenses or approvals or for enforcing other governmental regulations. As we increase our global sales and business, we may engage with partners and third party intermediaries to market our aircraft and obtain necessary permits, licenses and other regulatory approvals. In addition, we or our third party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state owned or affiliated entities (in addition to private customers). We can be held liable for the corrupt or other illegal activities of these third party intermediaries, our employees, representatives, contractors, partners and agents, even if we do not authorize such activities.

We may be subject to sanction laws of the U.K., EU, and U.S., and other applicable jurisdictions, such as those administered and enforced by the U.S. Department of Treasury’s Office of Foreign Assets Control, the U.S. Department of State, the United Nations Security Council, His Majesty’s Treasury and other relevant sanctions authorities, which may prohibit the sale of products or provision of services to embargoed jurisdictions (“Sanctioned Countries”) or to individuals and entities targeted by such sanctions (“Sanctioned Parties”). If we are found to be in violation of any applicable sanctions regulations, it can result in significant fines or penalties and possible incarceration for responsible employees and managers, as well as reputational harm and loss of business.

We have in place internal controls commensurate with our stage of development, and as our business matures and evolves, we intend to implement further necessary controls, policies, procedures and systems designed to promote compliance with anti-corruption, anti-money laundering, export control, economic and trade sanctions and other trade laws. Despite our compliance efforts and activities, there can be no assurance that our employees or representatives will comply with the relevant laws or with our policies, procedures, systems and controls, or that our internal controls will effectively detect and prevent all violations of applicable law by our employees, consultants, agents or other third-parties acting on our behalf, and we may be held responsible. Non-compliance or even suspected non-compliance with anti-corruption, anti-money laundering, export control, economic and trade sanctions and other trade laws could subject us to whistleblower complaints, investigations, prosecution, or other enforcement actions, which could lead to disclosures, sanctions, settlements, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, suspension and/or debarment from contracting with certain persons, the loss of export privileges, reputational harm, adverse media coverage and other collateral consequences. If any subpoenas or investigations are initiated, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, financial condition and results of operations could be materially harmed. Responding to any action will likely result in a materially significant diversion of management’s attention and resources and significant defense and compliance costs and other professional fees. As a general matter, enforcement actions and sanctions could harm our business, financial condition and results of operations.

***We are subject to laws and regulations concerning our collection, processing, storage, sharing, disclosure and use of customer information and other sensitive data, and our actual or perceived failure to comply with data privacy and security laws and regulations could damage our reputation and brand and harm our business and operating results.***

In the ordinary course of business, we collect, store, and transmit information, including personal information, in relation to our current, past or potential customers, business partners, employees and contractors. We therefore face particular privacy, data security, and data protection risks in connection with requirements of the European Union’s General Data Protection Regulation 2016/679 (“GDPR”), national implementing legislation of the GDPR, the United Kingdom GDPR and U.K. Data Protection Act 2018 (which retains the GDPR in U.K. national law (the “U.K. GDPR”)) and other data protection regulations in the European Economic Area (“EEA”) and the U.K. Among other stringent requirements, the GDPR and U.K. GDPR restrict transfers of data outside of the EEA and U.K. to third countries deemed to lack adequate privacy protections, unless an appropriate safeguard specified is implemented. Case law from the Court of Justice of the European Union (“CJEU”) states that reliance on the standard contractual clauses (a standard form of contract approved by the European Commission as an adequate personal data transfer mechanism) alone may not necessarily be sufficient in all circumstances and that transfers must be assessed on a case-by-case basis. On October 7, 2022, President Biden signed an Executive Order on ‘Enhancing Safeguards for United States Intelligence Activities’ which introduced new redress mechanisms and binding safeguards to address the concerns raised by the CJEU in relation to data transfers from the EEA to the United States and which formed the basis of the new EU-US Data Privacy Framework (“DPF”), as released on December 13, 2022. The European Commission adopted its Adequacy Decision in relation to the DPF on July 10, 2023, rendering the DPF effective as a GDPR transfer mechanism to U.S. entities self-certified under the DPF. On October 12, 2023, the UK Extension to the DPF came into effect (as approved by the UK Government), as a UK GDPR data transfer mechanism to U.S. entities self-certified under the UK Extension to the DPF. We currently rely on the standard contractual clauses to transfer personal data outside the EEA and the U.K., including to the U.S. among other data transfer mechanisms pursuant to the GDPR and U.K. GDPR. We expect the existing legal complexity and uncertainty regarding international personal data transfers to continue. In particular, we expect the DPF Adequacy Decision to be challenged and international transfers to the United States and to other jurisdictions more generally to continue to be subject to enhanced scrutiny by regulators. Other countries have also enacted or are considering enacting similar cross border data transfer rules or data localization requirements. As this area and the enforcement landscape relating to it further develop, we could: suffer additional costs, complaints and/or regulatory investigations or fines; have to stop using certain tools and vendors and make other operational changes; have to implement revised standard contractual clauses or other mechanisms for existing intragroup, customer and vendor arrangements within any required time frames; and/or it could otherwise affect our future ability to deliver our products in the EEA, the U.K. and other foreign markets.

Fines for certain breaches of the GDPR and the U.K. GDPR are significant. For example, fines for certain breaches of the GDPR or the U.K. GDPR are up to the greater of €20 million / £17.5 million or 4% of total global annual turnover. In addition to the foregoing, a breach of the GDPR or U.K. GDPR could result in regulatory investigations, reputational damage, orders to cease/ change our processing of our data, enforcement notices, and/ or assessment notices (for a compulsory audit). We may also face civil claims including representative actions and other class action type litigation (where individuals have suffered harm), potentially amounting to significant compensation or damages liabilities, as well as associated costs, diversion of internal resources, and reputational harm.

We are also subject to evolving EU and U.K. privacy laws on cookies and e-marketing. In the EU and U.K., informed consent is required for the placement of a cookie or similar technologies on a user’s device and for direct electronic marketing. The GDPR and the U.K. GDPR also impose conditions on obtaining valid consent, such as a prohibition on pre-checked consents and a requirement to ensure separate consents are sought for each type of cookie or similar technology. Recent European court and regulatory decisions, regulatory guidance and recent campaigns by a not-for-profit organization are driving increased attention to cookies and tracking technologies. If the trend of increasing enforcement by regulators of the strict approach to opt-in consent for all but essential use cases in recent guidance and decisions continues, this could lead to substantial costs, require significant systems changes, limit the effectiveness of our marketing activities, divert the attention of our technology personnel, adversely affect our margins, increase costs and subject us to additional liabilities.

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In the U.S., we are also subject to laws, regulations and standards covering marketing, advertising, cookies, tracking technologies, e-marketing, and other activities conducted by telephone, email, mobile devices and the internet, such as the Federal Communications Act, the Federal Wiretap Act, the Electronic Communications Privacy Act, the Telephone Consumer Protection Act, the Controlling the Assault of Non-Solicited Pornography and Marketing Act, and similar state consumer protection and communication privacy laws. Moreover, according to the U.S. Federal Trade Commission (the “FTC”), violating consumers’ data privacy rights or failing to take appropriate steps to keep consumers’ personal data secure may constitute unfair acts or practices in or affecting commerce in violation of Section 5(a) of the FTC Act. Additionally, there are numerous federal and state data privacy and protection laws and regulations governing the collection, use, disclosure, protection and other processing of personal data, including federal and state data privacy laws, data breach notification laws and consumer protection laws. For example, a number of state-level general data privacy laws have or will soon go into effect that introduce new data privacy rights for consumers and new operational requirements for companies. For instance, the California Consumer Privacy Act (“CCPA”), provides data privacy rights for California residents and operational requirements for covered companies. Among other things, companies covered by the CCPA must provide new disclosures to California residents and afford such residents certain privacy rights relating to their personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches that increases the potential exposure in relation to data breaches. We cannot fully predict the impact of these laws, or subsequent guidance, regulations or rules on our business or operations, including those that are still in draft form, but they may increase our compliance costs and potential liability, particularly in the event of a data breach, and could have a material adverse effect on our business, including how we use personal data, our financial condition, and the results of our operations or prospects. Further, if we become subject to other state-level privacy laws, guidelines or regulations, we may be required again to modify our data collection or processing practices and policies and to incur substantial costs and expenses in an effort to comply and increase our potential exposure to regulatory enforcement and/or litigation.

### **Risks Related to Ownership of Our Securities**

*The price of our securities may be volatile, and the value of our securities may decline.*

We cannot predict the prices at which our ordinary shares and our warrants will trade. The market price of our ordinary shares and our warrants may fluctuate substantially and may be lower than the current market price. In addition, the trading price of our ordinary shares and our warrants is likely to be volatile and could be subject to fluctuations in response to various factors, some of which are beyond our control. These fluctuations could cause you to lose all or part of your investment in our ordinary shares and/or warrants as you might be unable to sell your securities at or above the price you paid. Factors that could cause fluctuations in the trading price of our securities include the following:

- our ability to secure additional funding to continue as a going concern;
- actual or anticipated fluctuations in our financial condition or results of operations;
- variance in our financial performance from expectations of securities analysts;
- our ability to remain in compliance with continued listing standards of the NYSE;
- changes in the pricing of our products and services;
- changes in our projected operating and financial results;
- delays in the certification or production of our aircraft;
- changes in laws or regulations applicable to our platform;
- changes in senior management or key personnel;
- announcements by us or our competitors of significant business developments, acquisitions or new offerings;
- significant data breaches, disruptions to or other incidents involving our platform;

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- our involvement in litigation;
- conditions or developments affecting the eVTOL industry;
- future sales of our ordinary shares by us or our shareholders, as well as the anticipation of lock-up releases;
- the trading volume of securities;
- changes in the anticipated future size and growth rate of our markets;
- sales and short-selling of our ordinary shares;
- publication of research reports or news stories about us, our competitors or our industry, or positive or negative recommendations or withdrawal of research coverage by securities analysts;
- general economic and market conditions; and
- other events or factors, including those resulting from geopolitical conflicts, war, incidents of terrorism, global pandemics or responses to these events.

Broad market and industry fluctuations, as well as general economic, political, regulatory and market conditions, may also negatively impact the market price of our securities. In addition, technology stocks have historically experienced high levels of volatility. In the past, companies who have experienced volatility in the market price of their securities have been subject to securities class action litigation. We may be the target of this type of litigation in the future, which could result in substantial expenses and divert our management's attention.

***A market for our ordinary shares and/or warrants may not develop or be sustained, which would adversely affect the liquidity and price of our ordinary shares and/or warrants.***

An active trading market for our ordinary shares and/or warrants may never develop or, if developed, it may not be sustained. In addition, the price of our ordinary shares and warrants can vary due to general economic conditions and forecasts, our general business condition and the release of our financial reports.

Additionally, if our ordinary shares and/or warrants become delisted from NYSE and are quoted on the OTC Bulletin Board (an inter-dealer automated quotation system for equity securities that is not a national securities exchange), the liquidity and price of our ordinary shares and/or warrants may be more limited than if we were quoted or listed on the NYSE, Nasdaq or another national securities exchange. On November 15, 2024, NYSE notified us, and publicly announced, that the NYSE determined to commence proceedings to delist the Company's public warrants, ticker symbol "EVTLW" (the "Public Warrants"), from the NYSE and that trading in the Public Warrants would be suspended immediately. The Public Warrants were issued in exchange for public warrants of Broadstone Acquisition Corp. in connection with our business combination therewith. The notice indicated that the NYSE has determined that the Public Warrants are no longer suitable for listing based on "abnormally low selling price" levels, pursuant to Section 802.01D of the NYSE Listed Company Manual. On December 4, 2024, the NYSE filed a Form 25 with the SEC, removing the Public Warrants from their listing on the NYSE. We do not intend to appeal the NYSE's determination to delist the Public Warrants. You may be unable to sell your ordinary shares and/or warrants unless a market can be established or sustained.

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***If we do not meet the expectations of equity research analysts, if they do not publish research or reports about our business or if they issue unfavorable commentary or downgrade our ordinary shares, the price of our ordinary shares could decline.***

The trading market for our ordinary shares will rely in part on the research and reports that equity research analysts publish about us and our business. The analysts' estimates are based upon their own opinions and are often different from our estimates or expectations. If our results of operations are below the estimates or expectations of public market analysts and investors, the price of our ordinary shares could decline. Moreover, the price of our ordinary shares could decline if one or more securities analysts downgrade our ordinary shares or if those analysts issue other unfavorable commentary or cease publishing reports about us or our business.

***Our issuance of additional share capital in connection with financings (including through the conversion of the Convertible Senior Secured Notes), acquisitions, investments, our equity incentive plans or otherwise will dilute all other shareholders. Certain shareholders benefit from contractual rights to participate in future equity financings, which, if exercised, may result in greater dilution for other shareholders.***

We expect to issue additional share capital in the future (including through the conversion of the Convertible Senior Secured Note, private placement transactions, public offerings and/or the Equity Subscription Line) that will result in dilution to all other shareholders. We have granted, and expect we will continue to grant equity awards to employees and directors under our equity incentive plans. We may also raise capital through equity financings in the future. As part of our business strategy, we may make or receive investments in companies, solutions or technologies and issue equity securities to pay for any such acquisition or investment. Any such issuances of additional share capital may cause shareholders to experience significant dilution of their ownership interests and the per share value of our ordinary shares to decline.

On December 23, 2024, we entered into a Shareholder Letter Agreement with Mudrick Capital, Stephen Fitzpatrick and Imagination Aero (the "Shareholder Letter Agreement"), pursuant to which, among other things, we granted Mudrick Capital and Mr. Fitzpatrick certain rights to participate in our future equity offerings so long as Mudrick Capital and Mr. Fitzpatrick beneficially owns greater than 20% or 3% of our issued and outstanding ordinary shares, respectively. If Mudrick Capital or Mr. Fitzpatrick exercises such participation right, our other shareholders will experience further dilution of their ownership interests.

***We do not intend to pay dividends for the foreseeable future and, as a result, your ability to achieve a return on your investment will depend on appreciation in the price of our ordinary shares.***

We do not intend to pay any cash dividends in the foreseeable future, and any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, you may need to rely on sales of our ordinary shares after price appreciation, which may never occur, as the only way to realize any future gains on your investment.

***We are an "emerging growth company," and we cannot be certain if the reduced reporting and disclosure requirements applicable to emerging growth companies will make our securities less attractive to investors.***

We are an "emerging growth company," as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies," including the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act ("Section 404"), reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

We will remain an emerging growth company until the earliest of: (1) December 31, 2026; (2) the last day of the first fiscal year in which our annual gross revenue is \$1.235 billion or more; (3) the date on which we have, during the previous rolling three year period, issued more than \$1 billion in non-convertible debt securities; and (4) the date we qualify as a "large accelerated filer," with at least \$700 million of equity securities held by non-affiliates.

We cannot predict if investors will find our securities less attractive if we choose to rely on these exemptions. If some investors find our securities less attractive as a result, there may be a less active trading market for our securities, and the price of our securities may be more volatile.

***We are a foreign private issuer and, as a result, we 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.***

We report under the Exchange Act as a non-U.S. company with foreign private issuer status. Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including (1) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act, (2) the sections of the Exchange Act requiring insiders to file public reports of their share ownership and trading activities and liability for insiders who profit from trades made in a short period of time and (3) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information, although we are subject to the laws of the Cayman Islands and regulations with regard to certain of these matters and may furnish certain comparable quarterly information on Form 6-K. In addition, foreign private issuers are not required to file their annual report on Form 20-F until 120 days after the end of each fiscal year, while U.S. domestic issuers that are accelerated filers are required to file their annual report on Form 10-K within 75 days after the end of each fiscal year and U.S. domestic issuers that are large accelerated filers are required to file their annual report on Form 10-K within 60 days after the end of each fiscal year. As a result of all of the above, you may not have the same protections afforded to shareholders of a company that is not a foreign private issuer.

***We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.***

As discussed above, we are a foreign private issuer, and therefore, we are not required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act. The determination of foreign private issuer status is made annually on the last business day of an issuer's most recently completed second fiscal quarter, and, accordingly, the next determination will be made with respect to us on June 30, 2025. In the future, we would lose our foreign private issuer status if (1) more than 50% of our outstanding voting securities are owned by U.S. residents and (2) a majority of our directors or executive officers are U.S. citizens or residents, or we fail to meet additional requirements necessary to avoid loss of foreign private issuer status. If we lose our foreign private issuer status, we will be required to file with the SEC periodic reports and registration statements on U.S. domestic issuer forms, which are more detailed and extensive than the forms available to a foreign private issuer. We will also have to mandatorily comply with U.S. federal proxy requirements, and our officers, directors and principal shareholders will become subject to the short swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. In addition, we will lose our ability to rely upon exemptions from certain corporate governance requirements under the listing rules of the NYSE. As a U.S. listed public company that is not a foreign private issuer, we will incur significant additional legal, accounting and other expenses that we will not incur as a foreign private issuer.

***As we are a "foreign private issuer" and intend to follow certain home country corporate governance practices, our shareholders may not have the same protections afforded to shareholders of companies that are subject to all NYSE corporate governance requirements.***

The NYSE's corporate governance rules require listed companies to comply with a number of corporate governance standards. As a foreign private issuer, we are permitted, and we intend, to follow certain home country corporate governance practices in lieu of several of such NYSE requirements, provided that we disclose the requirements we are not following and describe the corporate governance practices of the Cayman Islands that we are following.

For example, as long as we rely on the foreign private issuer exemptions under the rules of the NYSE, our compensation committee is not required to be comprised entirely of independent directors, we are not required to have a nominating and corporate governance committee composed entirely of independent directors, our audit committee is not required to have at least three members and shareholder approval is neither required for equity compensation plans and material revisions to those plans nor the issuance of more than 1% of our outstanding ordinary shares (including derivative securities thereof) in either number or voting power, the issuance of 20% or more of our outstanding ordinary shares (including derivative securities thereof) in either number or voting power or an issuance that would result in a change of control. Therefore, our board of directors' approach to governance and securities issuances may be different from that of a board of directors consisting of a majority of independent directors, and, as a result, the management oversight of our Company may be more limited than if we were subject to all of the NYSE corporate governance standards and shareholder approval requirements.

We may in the future elect to follow home country practices with regard to other matters. As a result, our shareholders may not have the same protections afforded to shareholders of companies that are subject to all NYSE corporate governance requirements.

***As a “controlled company” within the meaning of the NYSE’s corporate governance rules, we are permitted to, and we intend to, rely on exemptions from certain of the NYSE corporate governance standards.***

In the event we no longer qualify as a foreign private issuer, we intend to rely on the “controlled company” exemption under the NYSE corporate governance rules. A “controlled company” under the NYSE corporate governance rules is a company of which more than 50% of the voting power is held by an individual, group or another company. Our ultimate controlling party controls a majority of the voting power of our outstanding ordinary shares making us a “controlled company” within the meaning of the NYSE corporate governance rules. As a controlled company, we would be eligible to, and, in the event we no longer qualify as a foreign private issuer, we intend to, elect not to comply with certain of the NYSE corporate governance standards, including the requirement that our compensation committee and our nominating and corporate governance committee consist entirely of independent directors.

Accordingly, our shareholders may not have the same protection afforded to shareholders of companies that are subject to all of the NYSE corporate governance standards, and the ability of our independent directors to influence our business policies and affairs may be reduced.

***We incur significant costs as a result of operating as a public company, and our management will be required to devote substantial time to compliance with our public company responsibilities and corporate governance practices.***

As a public company, we incur significant legal, accounting and other expenses that we did not incur as a private company, which we expect to further increase after we are no longer an “emerging growth company.” The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the NYSE, and other applicable securities rules and regulations impose various requirements on public companies. Our management and other personnel are required to devote a substantial amount of time to compliance with the requirements of managing a public company. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. We cannot predict or estimate the amount of additional costs we will continue to incur as a public company or the specific timing of such costs.

***We have previously identified material weaknesses in our internal control over financial reporting. If our remediation of these material weaknesses is not effective, or we otherwise fail to maintain an effective system of internal controls in the future, we may not be able to report our financial results accurately, prevent fraud or file our periodic reports as a public company in a timely manner.***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with the applicable accounting standards, which for us, is IFRS. As a result of being a public company, we are required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by our management on, among other things, the effectiveness of our internal control over financial reporting in our annual reports on Form 20-F. This assessment needs to include disclosures of any material weaknesses identified by our management in our internal control over financial reporting.

In connection with the preparation and audit of our consolidated financial statements, as previously disclosed, we identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. For a description of the material weaknesses identified, as well as management’s remediation actions and plans to date, see Item 15. “Controls and Procedures.”

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Our remediation efforts may not enable us to avoid material weaknesses in our internal control over financial reporting in the future. In addition, our reporting obligations may place a significant strain on our management, operational and financial resources and systems for the foreseeable future. We may be unable to timely complete our evaluation testing and any required remediation. We anticipate investing significant resources to enhance and maintain our financial controls, reporting system and procedures over the coming years. We cannot assure you that the measures we have taken to date, and actions we may take in the future, will be sufficient to remediate the control deficiencies that led to these material weaknesses in our internal control over financial reporting nor that they will prevent or avoid potential future material weaknesses. We cannot assure you that all of our existing material weaknesses have been identified, or that we will not in the future identify additional material weaknesses. If we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404.

If we fail to achieve and maintain an effective internal control environment, we may not be able to prepare and disclose, in a timely manner, our financial statements and other required disclosures, or comply with existing or new reporting requirements. Any failure to report our financial results on an accurate and timely basis could result in material misstatements in our financial statements and could also impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. As a result, our businesses, financial condition, results of operations and prospects, as well as the trading price of our ordinary shares may be materially and adversely affected. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements from prior periods.

***As a result of being a public company, we are obligated to develop and maintain proper and effective internal controls over financial reporting, and any failure to maintain the adequacy of these internal controls may adversely affect investor confidence in our company and, as a result, the value of our securities.***

As discussed above, we have previously identified certain material weaknesses in connection with the preparation of our consolidated financial statements. If not remediated, the continued presence of these or other material weaknesses and/or significant deficiencies in any future financial reporting periods could result in financial statement errors that, in turn, could lead to errors in our financial reports, delays in our financial reporting, and that could require us to restate our operating result. Investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our securities could be materially and adversely affected. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. In addition, changes in accounting principles or interpretations could also challenge our internal controls and require that we establish new business processes, systems and controls to accommodate such changes. Additionally, if these new systems, controls or standards and the associated process changes do not give rise to the benefits that we expect or do not operate as intended, it could materially and adversely affect our financial reporting systems and processes, our ability to produce timely and accurate financial reports or the effectiveness of internal control over financial reporting. Moreover, our business may be harmed if we experience problems with any new systems and controls that result in delays in their implementation or increased costs to correct any post-implementation issues that may arise.

We cannot assure you that there will not be material weaknesses or significant deficiencies in our internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition or results of operations. If we are unable to conclude that our internal control over financial reporting is effective and identify material weaknesses, or if our independent registered public accounting firm determines we have a material weakness or significant deficiency in our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of our securities could decline, and we could be subject to sanctions or investigations by the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies could also restrict our future access to the capital markets.



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The growth and expansion of our business places a continuous, significant strain on our operational and financial resources. Further growth of our operations to support our customer base, our information technology systems and our internal controls and procedures may not be adequate to support our operations. As we continue to grow, we may not be able to successfully implement requisite improvements to these systems, controls and processes, such as system access and change management controls, in a timely or efficient manner. Our failure to improve our systems and processes, or their failure to operate in the intended manner, whether as a result of the growth of our business or otherwise, may result in our inability to accurately forecast our revenue and expenses, or to prevent certain losses. Moreover, the failure of our systems and processes could undermine our ability to provide accurate, timely and reliable reports on our financial and operating results and could impact the effectiveness of our internal control over financial reporting. In addition, our systems and processes may not prevent or detect all errors, omissions or fraud.

***We are a holding company with no operations of our own and, as such, depend on our subsidiaries for cash to fund our operations and expenses, including future dividend payments, if any.***

As a holding company, our principal source of cash flow will be distributions or payments from our operating subsidiaries. Therefore, our ability to fund and conduct our business, service our debt and pay dividends, if any, in the future will depend on the ability of our subsidiaries and intermediate holding companies to make upstream cash distributions or payments to us, which may be impacted, for example, by their ability to generate sufficient cash flow or limitations on the ability to repatriate funds whether as a result of currency liquidity restrictions, monetary or exchange controls or otherwise. Our operating subsidiaries and intermediate holding companies are separate legal entities, and although they are directly or indirectly wholly owned and controlled by us, they have no obligation to make any funds available to us, whether in the form of loans, dividends or otherwise. To the extent the ability of any of our subsidiaries to distribute dividends or other payments to us is limited in any way, our ability to fund and conduct our business, service our debt and pay dividends, if any, could be harmed.

***We may be characterized as a PFIC for U.S. federal income tax purposes, which may cause adverse U.S. federal income tax consequences to U.S. investors.***

A non-U.S. corporation generally will be treated as a PFIC for U.S. federal income tax purposes, in any taxable year if either (1) at least 75% of its gross income for such year is passive income or (2) at least 50% of the value of its assets (generally based on an average of the quarterly values of the assets) during such year is attributable to assets that produce or are held for the production of passive income. If we are a PFIC for any taxable year (or portion thereof) that is included in the holding period of a U.S. Holder (as defined under Item 10.E. “Taxation—Material U.S. Federal Income Tax Considerations”) of ordinary shares or warrants, such U.S. Holder may be subject to adverse U.S. federal income tax consequences and may be subject to additional reporting requirements. We remain an early-stage company and do not expect to realize revenue until our aircraft are manufactured and delivered to our customers. Until we generate revenue, our PFIC status would largely depend on whether we earn non-passive income, such as government grants and research and development tax credits, and whether the amount of such non-passive income exceeds 25% of our gross income for the relevant taxable year. While not clear, taking into account our income, assets and market capitalization, we believe that we were not a PFIC for the taxable year that ended on December 31, 2024.

Even after we start generating revenue, our PFIC status would depend on, among other things, the composition of the income, assets and operations of us and our subsidiaries, and there can be no assurances that we will not be treated as a PFIC in any future taxable year. In addition, our PFIC status may be impacted by our market capitalization, which may fluctuate significantly. Moreover, the application of the PFIC rules is subject to uncertainty in several respects, and we cannot assure you that the IRS will not take a contrary position or that a court will not sustain such a challenge by the IRS. Furthermore, if a U.S. Holder holds our ordinary shares and/or warrants and we are a PFIC during such U.S. Holder’s holding period, unless the U.S. Holder makes certain elections, we will continue to be treated as a PFIC with respect to such U.S. Holder, even if we cease to be a PFIC in future taxable years.

For a further discussion, see Item 10.E. “Material Tax Considerations —Material U.S. Federal Income Tax Considerations—U.S. Holders—Passive Foreign Investment Company Rules.” U.S. Holders of our ordinary shares and/or warrants are strongly encouraged to consult their own advisors regarding the potential application of these rules to us and the ownership of our ordinary shares and/or warrants.

***We are controlled by our ultimate controlling party, whose interests may conflict with ours or yours in the future.***

Mudrick Capital (including funds, investors, entities or accounts that are managed, sponsored or advised by it or its affiliates) is our ultimate controlling party, and, as of February 14, 2025, held approximately 63% of the voting power of our outstanding share capital. Effective as of December 23, 2024, the Company's Fourth Amended and Restated Memorandum and Articles of Association were adopted, which include certain amendments that, among other things, provide for a Board to consist of a majority of independent directors, and grant Mudrick Capital director nomination rights for a number of directors proportionate in number (rounded to the nearest whole number), on the basis of a Board consisting of seven directors, to its share ownership percentage so long as Mudrick Capital beneficially owns greater than 10% of our issued and outstanding ordinary shares (each an "Appointed Director"), provided that such nomination rights shall terminate on the first date on which Mudrick Capital beneficially owns less than 10% of our issued and outstanding ordinary shares on a fully diluted basis (assuming the exercise or exchange of all of our warrants, options and other similar instruments that are able to be exercised or exchanged as at the relevant date, and the full conversion of our outstanding Convertible Senior Secured Notes), and that the maximum number of Appointed Directors shall be capped as six so long as Mr. Fitzpatrick is entitled to remain on the Board as a result of his ultimate shareholding in the Company remaining above 3%.

Furthermore, pursuant to the Shareholder Letter Agreement, we granted Mudrick Capital certain rights to participate in our future equity offerings so long as Mudrick Capital beneficially owns greater than 20% of our issued and outstanding ordinary shares. Accordingly, Mudrick Capital (including funds, investors, entities or accounts that are managed, sponsored or advised by it or its affiliates) currently exercises control over, and even if and when Mudrick Capital (including funds, investors, entities or accounts that are managed, sponsored or advised by it or its affiliates) ceases to own a majority of our outstanding ordinary shares, will continue to exercise significant influence with respect to the composition of our board of directors as well as our management, business plans and policies. In particular, pursuant to rights granted to Mudrick Capital under the Shareholder Letter Agreement, Mudrick Capital may be able to cause or prevent a change of control of the Company or a change in the composition of our board of directors and could preclude any acquisition of the Company, which could deprive you of an opportunity to receive a premium for your ordinary shares as part of such acquisition and ultimately could affect the market price of our ordinary shares.

***We may issue additional ordinary shares through our Equity Subscription Line, upon the exercise of outstanding Public Warrants, Tranche A Warrants, Tranche B Warrants, the SF Warrants, the Convertible Notes Warrants and the Initial Virgin Atlantic Warrants, upon the exercise of the options granted pursuant to the 2021 Incentive Plan and the EMI Option Agreements, and/or through future issuances of equity or convertible debt securities, all of which would increase the number of shares eligible for future resale in the public market and result in dilution to our shareholders.***

As of December 31, 2024, we had sold approximately 110,000 ordinary shares of the 2 million ordinary shares (as adjusted for the Reverse Share Split) registered for resale under the Equity Subscription Line. As of February 14, 2025, a total of 15,264,935 Public Warrants were issued and outstanding, with ten such warrants entitling the registered holder to purchase one ordinary share at a price of \$115.00 per share (as adjusted for the Reverse Share Split). The Public Warrants became exercisable 30 days after the completion of the Business Combination and will expire at 5:00 p.m., New York City time, five years after the completion of the Business Combination or earlier upon redemption or liquidation. Furthermore, as of February 14, 2025, 7,500,000 Tranche A Warrants and 7,500,000 Tranche B Warrants were issued and outstanding. Each whole Tranche A Warrant entitles the holder thereof to purchase one Company ordinary share at an exercise price of \$6.00 per share, is immediately exercisable as of its issuance and will expire at 5:00 p.m. New York City time on the earliest to occur of: (i) the satisfaction of both of the following conditions: (a) we successfully demonstrate a wing-borne flight of our VX4 prototype aircraft, which involves the aircraft (1) taking off as a Conventional Take-Off and Landing aircraft, (2) flying to high speed with lift generated by the wing and the tilt propellers facing forward, and (3) landing safely as a CTOL aircraft from such flight (the "Performance Condition") and (b) the 10-day volume weighted average price of the ordinary shares as reported by Bloomberg Financial Markets commencing on the trading day immediately following the initial public disclosure by means of a press release or Form 6-K or equivalent form furnished to the SEC of the satisfaction of the Performance Condition is equal to, or greater than, one hundred and three percent (103%) of the Tranche A Warrant Price, the 30th calendar day following the date of the Initial Public Disclosure, and (ii) the five-year anniversary of the initial date of issuance. Each whole Tranche B Warrant entitles the holder thereof to purchase one Company ordinary shares at an exercise price of \$7.50 per share, is immediately exercisable as of its issuance and will expire at 5:00 p.m. New York City time on the five-year anniversary of the initial date of issuance.

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In addition, we have also adopted the 2021 Incentive Plan and entered into the EMI Option Agreements with certain of our employees, pursuant to which 7,768,705 ordinary shares are either issued or reserved for issuance as of February 14, 2025. The number of ordinary shares authorized to be issued under the 2021 Incentive Plan will be increased on January 1 of each calendar year from 2022 through 2031, by an amount equal to the lesser of (A) 5% of the ordinary shares outstanding (on an as-converted basis) on the last day of the immediately preceding fiscal year and (B) such smaller number of ordinary shares as determined by our Board. The Convertible Senior Secured Notes also may be converted 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, which would result in the issuance of additional ordinary shares. The Convertible Notes Warrants and the Initial Virgin Atlantic Warrants issued to Mudrick Capital and Virgin Atlantic, respectively, immediately after the Closing of the Business Combination are also exercisable for up to 662,500 ordinary shares, with an exercise price of \$115.00 per share or \$100.00 per share, respectively (as adjusted for the Reverse Share Split). The SF Warrants issued to Imagination Aero are also exercisable for up to 5,000,000 ordinary shares, with an exercise price of \$50.00 per share (as adjusted for the Reverse Share Split). To the extent additional ordinary shares are sold through the Equity Subscription Line, the warrants or options are exercised, the Convertible Senior Secured Notes are converted, or awards are made under the 2021 Incentive Plan or the EMI Option Agreements, additional ordinary shares will be issued, which will result in dilution to our shareholders and increase the number of ordinary shares eligible for resale in the public market. Sales of substantial numbers of such securities in the public market or the fact that such securities may be exercised could adversely affect the market price of our securities.

Furthermore, we may issue additional equity or convertible debt securities in the future which may dilute our existing shareholders' holdings. In accordance with our Articles, we are currently authorized to issue 200,000,000 ordinary shares and 10,000,000 preferred shares, of which 84,692,721 ordinary shares were issued as of the date of this Annual Report, with 140,000 of such issued ordinary shares held in treasury. Existing shareholders will have no pre-emptive rights in connection with such further issuances. We cannot predict the size or nature of future issuances or the effect that future issuances and sales of our ordinary shares will have on the market price of our ordinary shares. Issuances of a substantial number of additional ordinary shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for our ordinary shares. With any additional issuance of our ordinary shares, our investors will suffer dilution to their voting power and economic interest.

***The Public Warrant Agreement and the agreement governing the Convertible Notes Warrants designate the courts of the State of New York or the United States District Court for the Southern District of New York as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by holders of the Public Warrants and the Convertible Notes Warrants, which could limit the ability of warrant holders to obtain a favorable judicial forum for disputes with Vertical.***

The Public Warrant Agreement and the agreement governing the Convertible Notes Warrants (the "Convertible Notes Warrant Agreement") provide that, subject to applicable law, (i) any action, proceeding or claim against Vertical arising out of or relating in any way to the warrant agreement, including under the Securities Act, will be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and (ii) that Vertical irrevocably submits to such jurisdiction, which jurisdiction shall be the exclusive forum for any such action, proceeding or claim. We will waive any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. We note, however, that there is uncertainty as to whether a court would enforce this provision and that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Section 22 of the Securities Act creates concurrent jurisdiction for state and federal courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder.

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Notwithstanding the foregoing, these provisions of the Public Warrant Agreement and the Convertible Notes Warrant Agreement will not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal district courts of the United States of America are the sole and exclusive forum. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Any person or entity purchasing or otherwise acquiring any interest in any of the Public Warrants and/or the Convertible Notes Warrants shall be deemed to have notice of and to have consented to the forum provisions in our warrant agreement. If any action, the subject matter of which is within the scope of the forum provisions of the Public Warrant Agreement and the Convertible Notes Warrant Agreement, is filed in a court other than a court of the State of New York or the United States District Court for the Southern District of New York (a “foreign action”) in the name of any holder of the Public Warrants and/or the Convertible Notes Warrants, such holder shall be deemed to have consented to: (x) the personal jurisdiction of the state and federal courts located in the State of New York in connection with any action brought in any such court to enforce the forum provisions (an “enforcement action”), and (y) having service of process made upon such warrant holder in any such enforcement action by service upon such warrant holder’s counsel in the foreign action as agent for such warrant holder.

This choice-of-forum provision may limit a warrant holder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with Vertical, which may discourage such lawsuits. Alternatively, if a court were to find this provision of the Public Warrant Agreement inapplicable or unenforceable with respect to one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could materially and adversely affect our business, financial condition and results of operations and result in a diversion of the time and resources of our management and board of directors.

### **Item 4. Information on the Company.**

#### **A. History and Development of the Company**

Vertical Aerospace Ltd., or “Vertical,” is an exempted company with limited liability under the Companies Act incorporated under the laws of the Cayman Islands on May 21, 2021. Exempted companies are Cayman Islands companies whose operations are conducted mainly outside the Cayman Islands. Vertical was formed for the sole purpose of effectuating the Business Combination, which was consummated on December 16, 2021.

Prior to the Business Combination, Vertical had no material assets and did not conduct any material activities other than those incidental to its formation and the matters contemplated by the Business Combination Agreement, such as the making of certain required securities law filings. Upon the closing of the Business Combination, Vertical became the direct parent of VAGL, a manufacturer that designs, manufactures and sells zero operating emission eVTOL (as defined below) aircraft.

For an overview of the history of VAGL, see “—B. Business Overview.”

The principal executive office of Vertical is Unit 1 Camwal Court, Chapel Street, Bristol BS2 0UW, United Kingdom, and the telephone number of Vertical is +44 117 471 0150. Our agent for service of process in the United States is Cogency Global Inc., whose address is 122 East 42<sup>nd</sup> Street, 18<sup>th</sup> Floor, New York, New York 10168.

The website address of Vertical is <https://vertical-aerospace.com>. The information contained on the website does not form a part of, and is not incorporated by reference into, this Annual Report. The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, such as Vertical, at <http://www.sec.gov>.

For a description of our principal capital expenditures and divestitures for the three years ended December 31, 2024 and for those currently in progress, see Item 5. “*Operating and Financial Review and Prospects.*”

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### *Our Ownership History*

Vertical Aerospace was founded in 2016 by Stephen Fitzpatrick to decarbonize air travel using technologies from across the aviation, energy and automotive industries. In 2021, the Company was listed on the NYSE following the closing of the Business Combination, through a special purpose acquisition company. Mr. Fitzpatrick served as our Chief Executive Officer since our founding in 2016 until May 2024, and as a member of our board of directors from May 2021 to January 2025. Mr. Fitzpatrick was our majority shareholder from the time of our listing on the NYSE until December 2024, when, pursuant to the Investment Agreement and First Supplemental Indenture, Mudrick Capital converted half, or approximately \$130 million in principal amount, of the Convertible Senior Secured Notes into ordinary shares of the Company. Currently, Mudrick Capital (including funds, investors, entities or accounts that are managed, sponsored or advised by it or its affiliates) is our ultimate controlling party, and, as of February 14, 2025, held approximately 63% of the voting power of our outstanding share capital.

### *Reverse Share Split*

On September 16, 2024, the shareholders of the Company authorized the Board to effect a reverse share split of all of the Company's outstanding ordinary shares. On September 16, 2024, the Board approved the implementation of a reverse share split at a ratio of one-for-ten shares, which became effective on September 20, 2024, adjusting all outstanding stock-based awards, including options, restricted stock units and warrants (the "Reverse Share Split"). Upon effectiveness of the Reverse Share Split, the Company's ordinary shares trade under a new CUSIP number, G9471C206.

### **Recent Developments**

#### *Investment Agreement*

On December 20, 2024, we entered into the Investment Agreement, by and among the Company, VAGL, Imagination Aero, a company wholly owned by Mr. Fitzpatrick, and Mudrick Capital, which sets forth, among other things, a commitment from Mudrick Capital to fund up to \$50 million to the Company in its subsequent funding round, with \$25 million funded on a non-contingent basis, and a backstop commitment for an additional \$25 million to be funded by Mudrick Capital if the Company is not able to raise such amount in this offering.

We launched the funding round in January 2025 by way of the 2025 Offering, culminating in aggregate gross proceeds of \$90 million, before deducting underwriting discounts and commissions and other offering expenses, which amount included the \$25 million non-contingent funding commitment from Mudrick Capital.

#### *Supplemental Indentures and Partial Conversion*

On December 23, 2024, we entered into the First Supplemental Indenture, which sets forth certain amendments to the Indenture dated December 16, 2021. The amendments include: (i) effective December 15, 2024, increasing the interest rate applicable to the Convertible Senior Secured Notes to 10.00% for cash interest and 12.00% for PIK interest; (ii) extending the maturity date of the Convertible Senior Secured Notes to December 15, 2028; and (iii) providing for a fixed conversion price of \$2.75 per ordinary share (or 363.636 ordinary shares per \$1,000 principal amount) for half of the principal amount of the Convertible Senior Secured Notes and \$3.50 per ordinary share (or 285.714 ordinary shares per \$1,000 principal amount) for the other half.

Following the execution of the First Supplemental Indenture, in accordance with the Investment Agreement, the Partial Conversion occurred, wherein the holders of the Convertible Senior Secured Notes delivered conversion notices to the Company for the conversion of half, or approximately \$130 million in principal amount, of the Convertible Senior Secured Notes at a fixed conversion price of \$2.75 per ordinary share, which resulted in the issuance of 47,343,585 ordinary shares by the Company to the holders of the Convertible Senior Secured Notes. Immediately following the Partial Conversion, the Company had 69,542,515 ordinary shares issued and outstanding (excluding ordinary shares held in treasury).

Following the Partial Conversion, as contemplated by the Investment Agreement, the Company and VAGL entered into the second supplemental indenture to the Indenture with the Trustee (the "Second Supplemental Indenture"), pursuant to which VAGL became a guarantor of the Convertible Senior Secured Notes under the Indenture on a senior secured basis.

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Following the Partial Conversion, in accordance with the Investment Agreement, Mudrick Capital executed a Waiver, dated December 23, 2024, granting waivers to the Company in respect of certain existing and potential defaults, as well as any events of default potentially resulting therefrom, under the Indenture, subject to certain terms and conditions specified therein.

### *2025 Offering*

On January 24, 2025, we closed the 2025 Offering, consisting of 15,000,000 Units, with each Unit consisting of (i) one ordinary share, (ii) one-half of one Tranche A Warrant, and (iii) one-half of one Tranche B Warrant. The 2025 Offering culminated in aggregate gross proceeds of \$90 million, before deducting underwriting discounts and commissions and other offering expenses.

## **B. Business Overview**

### **Overview**

Our vision is to transform how the world moves. 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 cutting edge technology from the aerospace, automotive and energy industries.

Founded in 2016, we come from a deep aerospace and automotive mindset and we designed, built and flew 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, more advanced, full-scale VX4 prototype commenced flight tests in July 2024. In January 2025, we took another significant step in our testing program by successfully completing our first piloted thrustborne flight maneuvers. The milestone was achieved after we received approval from the CAA to expand our Permit to Fly, enabling us to progress from piloted thrustborne hover to piloted thrustborne low-speed flight maneuvers at altitude. The latest flight included roll, yaw and spot turn maneuvers.

Thrustborne flights, with lift generated by the propellers, are designed to assess the aircraft’s stability, battery efficiency, control characteristics, aerodynamics, structural and dynamic loads and performance across different speeds, enabling further assessment of how the VX4 behaves under real-world flight conditions. In February 2025, we completed the piloted thrustborne testing phase and we are now preparing for the next stage in the testing program – piloted wingborne flight, which we believe would be a world first for this type of aircraft.

The assembly of our third full-scale VX4 prototype, identical to the second, is underway. Both our second, and soon to be third, prototypes include 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 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 propellers which we are designing and developing in-house. 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 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”).

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In March 2023, the CAA issued us with an eVTOL DOA, the scope of which was expanded in July 2024, enabling 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. UK and European aerospace companies cannot hold a type certificate, necessary for entry into service, without being granted a DOA. The DOA authorizes us to conduct design activities and issue design approvals within the DOA's scope of approval.

We have forged strong relationships with industry-leading players to develop the various components of our aircraft. For instance, we are co-developing our flight controls systems with Honeywell, to unlock maximum performance with safe and simple to operate controls, reducing pilot workload and thereby reducing pilot training and operating costs. We are partnering with Leonardo, which has long-established experience in composite aerostructure development, to design, test, manufacture and supply the carbon composite fuselage and pylons for our full-scale VX4 prototype, with a view to expanding that partnership to the VX4. Combined, these features provide a flexible design to address different markets and a scalable design to facilitate manufacturing. We collaborate with Dassault, which provides and help us customize its 3Dx Platform software, in which we design, configure and develop the Digital Twin of our aircraft. Our proprietary battery system utilizes small format cylindrical cells to provide high power density while at the same time, being low cost and highly reliable, as well as utilizing safety features to ensure safety across all operations. We have selected Molicel to supply high power cylindrical cells for our VX4, as Molicel specializes in demanding, high-performance application of its batteries, with its technology already in use across space, advanced automotive and power tool applications. We are collaborating with Hanwha on the development and supply of electric actuator systems tailored for the VX4, as Hanwha has a long-established expertise in aerospace technology and flight critical actuator systems development across a broad portfolio of civil and defense aerospace and space applications. Our advanced propeller system uses four tilting propellers at the front of the aircraft and four stowable propellers at the rear to enable high efficiency in all phases of flight and support a vehicle noise signature that we believe will be less than 70dBA in hover, the same as low-level city traffic, and less than 50dBA in cruise, which is likely to be unnoticeable in an urban environment. We are working with Syensqo (formerly Solvay), one of the world's leading chemical and advanced materials companies, to ensure that our materials and composites are high quality and sustainably sourced. Our electrical wiring interconnection systems ("EWIS") for our aircraft are being developed by one of the leading aerospace engineering companies, GKN Aerospace. We have also taken advantage of GKN Aerospace's integration expertise as we used its Global Technology Centre to assemble the majority of the first and now second full-scale VX4 prototype's airframe. We are also working together with CAE, a market leader in flight simulation and training, to develop a best-in-class training program. CAE will be the exclusive training device provider, tailoring the high-fidelity, next-generation flight simulation training device for the VX4 aircraft. We believe these relationships will allow us to provide superior products at scale, while maintaining a lean cost structure and taking advantage of both internal and external research and development synergies.

Our ability to develop industry-leading aircraft is rooted in our team's depth of talent, experience and culture. Our senior team includes technical experts handpicked from the aerospace and advanced automotive industries. Combined the team have certified over 30 aircraft and propulsion units. The complementary skill sets of our leadership team are critical to the success of the aircraft designs and our business.

In November 2024, we launched Flightpath 2030, our strategy for market leadership before the end of the decade through embedding a pioneering culture, redefining aerospace best practice, intelligent partnering and being safety obsessed. Flightpath 2030 sets out defined goals for Vertical to achieve by 2030. These are: to have delivered at least 150 aircraft to our customers, achieving significant milestones in high-quality production; achieving an annual production rate exceeding 200 VX4 units in Q4 2030, with plans to scale up to greater than 700 units per year in the medium-term; positioning the Company to become sustainably cash generative, achieving cash break-even in 2030, with gross profit margin currently expected to build to >40% in the following years; certifying the VX4 in 2028, followed by certifying its first major upgrade in 2030; and maintaining a zero accident rate.

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We are developing a sophisticated eVTOL ecosystem that allows us to focus on providing a high quality experience. Our in-house expertise, together with our industry-leading partners, cover 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.

### **Market Opportunity and Marketing Strategy**

We believe that deploying a new type of aerial mobility network in 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. We believe that we have a significant opportunity to meet this untapped demand in the AAM market, with the urban air mobility market currently projected to grow to a total addressable market size of \$1 trillion by 2040, according to Morgan Stanley.

We believe that our aircraft will be competitive in several existing sectors for our operator customers, including helicopters, which had a total addressable market of \$48.8 billion in 2022 and the ride hailing and taxi sector, which is projected to have revenues of \$332.50 billion in 2023 according to Statista Reports.

With high population densities and transit activities, intercity markets are likely to be one of the key growth drivers in the AAM market in the upcoming years. According to UK Government Department for Transport statistics, in England alone, there were 313,000 licensed taxis and private hire vehicles in 2024, representing an 8.2% increase from 2023 and a 70% increase from 2005.

According to our analysis and route mapping with our customers, typical journeys within the targeted range of the VX4 include JFK to downtown Manhattan; Miami International Airport to Fort Lauderdale; London Heathrow to Cambridge or Nice to Monaco.

In addition to intercity opportunities, we see a number of very attractive hub-spoke markets such as the United Kingdom, where there are approximately 37 towns and cities with populations over 100,000 inhabitants within 100 miles of Heathrow Airport. These towns and cities represent a target population of approximately 7.7 million (excluding London), based on our internal analysis, that could be connected into the Heathrow hub. In addition to high frequency central business district hub shuttle services such as JFK to Manhattan and Heathrow to London city center, there are a number of high gross domestic product per capita target markets for fast, zero operating emission air taxi services to and from similar airports, representing an attractive market for first and business class propositions.

Our marketing and communications strategy is based upon a three-pronged approach: build awareness of the Vertical brand within our key markets, communicate our business narrative to influential audiences, and build a trusted and credible reputation with our customers, partners and wider audience. Critical to our progress so far has been the establishment of a globally recognized partner ecosystem which has been developed through focusing on the goal of technological and design superiority of the VX4, our pathway to certification and unique business model.

We also recognize that pioneering electric aviation requires social and political support. As a result, we intend to inspire advocacy from opinion leaders, aerospace industry and regulators by following a purpose-based marketing approach. This includes demonstrating potential use case applications of the VX4 to our audiences with our partners to show the differences our eVTOL can potentially make to everyday travel, as well as demonstrating an appealing design of our product and showcasing the customer journey.



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To position Vertical as one of the leading OEM brands, we have deployed our marketing and communications strategy across earned, paid and owned media channels as well as industry events. Our content strategy also focuses on co-developing stories with our customers and supply chain partners to leverage their audiences and support our aim of educating and inspiring audiences on the opportunities of electric flight. Our communications function plays a major role in articulating, persuading and inspiring our audiences of the opportunities within eVTOL travel and our business model, while we continue to inform the market of our progress through methods such as press releases, broadcast media and speeches at industry-leading conferences and events. Such events will be a part of our marketing strategy moving forward, enabling deeper customer relationships and the opportunity to share our flight test progress, demonstrate technological advancements and provide direct access to the Vertical team.

By collaborating and synergizing our marketing with our network of renowned international partners, we intend to continue developing our company reputation through combined marketing activities. Ultimately, the marketing strategy supports delivery of the Vertical message of brand purpose, mission focus and business progress to deliver a cohesive, transparent and fact-based company profile to our external stakeholders.

### **Our Business and Strategy**

#### ***Prototype Flights Tests***

We have successfully conducted flight testing of four prototype eVTOL aircraft in the United Kingdom. The VA-X1, our first prototype, was flown in 2018 as our proof of concept aircraft. This was a single seater eVTOL with four electric engines, each inside a ducted fan. The VA-X2 flew in 2019 and successfully demonstrated safe flight with a deliberate “motorout,” which is a critical step in obtaining certification from the CAA. The VA-X2 was a two seater, eight propeller aircraft that was capable of carrying up to 250 kg at speeds of up to 50 mph.

In September 2022, following a series of rigorous ground-based tests, including lift, vibration and propeller thrust, our first full-scale VX4 prototype started the first stages of a flight test campaign. By August 2023, operating under CAA approvals, this prototype had successfully completed a remote 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. During this flight test campaign, this first full-scale VX4 prototype reached its target speed of 40kts (70 kmph), demonstrating overall stability and control. Performance targets were generally exceeded by 10-30% during hover and low speed flights. The prototype performed especially well in sustained hover, typically the most challenging regime for a vertical take-off and landing (“VTOL”) aircraft, where it maintained level flight for longer than anticipated. The aim of these thrustborne flight tests was to verify acceptable stability, battery efficiency and control characteristics, aerodynamics, structural loads, performance and vibration throughout this speed range – all of which were achieved. This test flight campaign of our first aircraft provided us with significant learnings, which have helped inform the design of our second VX4 prototype.

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.

In July 2024, we completed the build of our second more advanced full-scale VX4 prototype. This prototype 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.

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The CAA issued a Permit to Fly in July 2024 following a rigorous evaluation of the engineering, design, test data and aircraft, and we began our piloted flight test campaign, completing our first tethered piloted flight in July 2024. In September, the latest VX4 completed Phase 1 of its piloted flight test program at the Vertical Flight Test Centre and in November 2024, it achieved piloted, untethered vertical take-off and landing for the first time as Phase 2 of its flight test program began. Through January 2025, untethered flight tests continued with Vertical becoming what we believe is only the second company in the world to achieve piloted thrustborne flight maneuvers with a full-scale vectored thrust eVTOL aircraft. These tests demonstrated the prototype aircraft's ability to hover and progress to piloted, low-speed maneuvers using lift generated by the propellers. In February 2025, the piloted thrustborne testing phase was complete and we are now preparing for the next stage in the testing program – piloted wingborne flight, which we believe would be a world first for this type of aircraft. To progress to wingborne flight, the next phase of the flight test program, the CAA will first need to expand Vertical's Permit to Fly. Transitioning from a tightly controlled test environment to more dynamic, scalable operations is a major step on the path to full certification and commercial viability.

Vertical is currently assembling an identical full-scale prototype which will accelerate the VX4's flight test program and demonstration capability. Once assembled, we will take flight test learnings from both prototypes into the design and development of the certified VX4 model.

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.

### ***Focus on Certification***

Safety is our highest priority. We are working to meet the most stringent aircraft certifications around the world, and our aircraft is being designed with certification in mind from the beginning. We are currently one of the only eVTOL designers and OEMs actively pursuing certification from the CAA and EASA with a winged vehicle using predominantly already available technology. We expect to achieve concurrent type certification from the CAA and EASA for our VX4 aircraft, with validation from the FAA and other international regulators expected to follow thereafter. As per our Flightpath 2030 strategy, we are targeting type certification in 2028.

To achieve type certification, new aircraft designs are required to undergo a rigorous assessment of the design where we demonstrate compliance against the strict airworthiness requirements. A type certificate for the aircraft's design is an essential prerequisite for any individual aircraft of that design to be issued with a Certificate of Airworthiness from the relevant local airworthiness authority – the CAA in our case – which, in turn, allows the owner to fly that aircraft. This is a time-consuming and intense process, often extending over several years, which requires extensive ground and inflight testing with authorities, engineers and flight test pilots across a fleet of multiple aircraft. When we begin production, we expect to continue to interact with numerous government agencies and entities with respect to our production and quality systems. We are developing the systems and processes needed to obtain the required POA from the CAA and intend to obtain this approval as part of the process of manufacturing conforming aircraft in the leadup to obtaining a type certificate for the aircraft.

We have been working with the CAA, EASA and European Organization for Civil Aviation Equipment (“EUROCAE”) to establish the specific design criteria (certification specifications) and means of compliance that apply to eVTOL aircraft. We and our partners participate on several working groups with the EUROCAE, including chairing the EUROCAE eVTOL Working Group Electrical Panel, participating on the electrical, lift/thrust, safety, flight and avionics working groups and having one-on-one discussions with the CAA and EASA to assist with tailoring and creating the requirements for eVTOL aircraft. By working closely with the CAA and EASA to obtain certification in our home markets of the United Kingdom and European Union, we believe that the knowledge and expertise that we will gain from obtaining certification in these areas can give us a competitive advantage that we can leverage to assist us with obtaining similar certifications in other global markets. The use of common standards between EASA and CAA for the VX4 will strengthen this foundation.

Many airworthiness authorities around the world have not yet declared their specific certification requirements for eVTOLs; however, we believe it is likely that different jurisdictions will harmonize certification bases, broadly aligning with either the CAA, EASA or the FAA's requirements. Given the stringent and rigorous safety requirements of the CAA and EASA certifications, we believe that our design will meet the certification needs for any jurisdiction of our customers. We believe that our strong strategic partnerships with our technology partners, many of which have deep experience and pedigree in certifying against these standards, will give us a competitive advantage over our competitors. We are carefully and intentionally designing our aircraft with these standards in mind.

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By the end of 2023, we had undertaken initial Technical Familiarizations with the five aviation regulators with which we are currently seeking Type Certification: the CAA, EASA, FAA, JCAB and ANAC.

Together with specialists from the respective regulators, these Technical Familiarizations provide an opportunity for Vertical panel specialists to introduce a thorough description of the VX4 aircraft systems and structures in order to provide the relevant regulators with sufficient knowledge of the aircraft and establish the initial certification basis and certification and validation timeline in respective jurisdictions. We will continue to work with each of the relevant regulators to progress our certification and validation efforts.

### ***The VX4: One of the Most Advanced eVTOL Aircraft Globally***

The VX4 is our eVTOL aircraft at the center of our go-to-market strategy. After designing, building, testing and flying two earlier prototypes, the VA-X1 and the VA-X2, we unveiled the four passenger VX4 in 2020, which we believe is one of the most advanced eVTOLs globally. The VX4 is being designed to provide for a capacity of up to five people (one pilot, four passengers) and targeting travel distances of up to 100 miles, achieving cruise speeds of 150 mph. As per our Flightpath 2030 strategy, we intend the VX4 to be scalable to up to six passengers. It is anticipated that this upgrade would require minimal adjustments to the design or certification requirements to accommodate additional passengers.

In line with our mission to pioneer electric aviation, the VX4 will be fully electric and will produce zero operating emissions in flight. The VX4 has four tilting frontal propellers allowing it to take off vertically. The propellers rotate after takeoff and into flight mode. Based on our internal calculations, its noise levels are expected to be significantly quieter in cruise compared to a helicopter in cruise. The VX4 is also expected to be orders of magnitude safer than a similarly sized helicopter in line with what we expect from the CAA and EASA regulations for eVTOL aircraft.

The interior of VX4 is being designed to create an outstanding passenger experience. We are aiming to deliver the most powerful powertrain in the eVTOL industry, with a 200Wh/kg battery. Our second VX4 prototype powertrain is currently able to deliver 1.4 megawatts of peak power. This powertrain is expected to be oversized for our entry into service aircraft, which is designed to permit a generous payload for one pilot, four passengers in spacious club seating with luggage. This aircraft is also expected to have a separate luggage compartment, capable of approximately 45 pounds (or 20 kilograms) of luggage per passenger plus the option of additional room for small luggage under each passenger seat, with a total payload of approximately >990 pounds (or >450 kilograms). The VX4 is designed to have large side windows, providing spectacular views for the passengers. By virtue of the powertrain and the large fuselage of the existing aircraft architecture, it is expected that up to six passengers could be accommodated in future upgrades by adjusting the configuration.

### ***Develop Strong eVTOL Ecosystem***

Our business model is asset light. We have focused on creating an ecosystem that is a combination of key proprietary components that we have developed internally and strong strategic partnerships with industry leaders in order to design and manufacture an industry-leading eVTOL aircraft. We believe that this model will allow us to be more agile, flexible and reactive to future technologies and opportunities, as well as provide competitive user economics, which we expect will allow us to more rapidly scale our production once we have obtained certification.

### ***Creating and Investing in Proprietary Designs and Superior Technology***

We have invested and will continue to invest in certain proprietary features of our aircraft, including our battery system and propeller design. Our proprietary battery system utilizes small format cylindrical cells to provide a high performance, low cost, highly reliable and sustainable supply while ingraining safety features. In 2023, we developed our first full prototype battery pack in-house at the Vertical Energy Centre. We are aiming for entry into service with a 200Wh/kg battery, which is expected to enable the VX4 to conduct back-to-back missions, with fast charging cycles in-between, and minimized impact on the battery packs' cycle life. Our advanced propeller system uses four tilting propellers at the front of the aircraft and four stowable propellers at the rear to enable high efficiency in all phases of flight. The impact tolerant and redundant propeller structure enables commercial aviation safety levels while supporting a vehicle noise signature that we believe will be less than 70dBA in hover, the same as low-level city traffic, and less than 50dBA in cruise, which is likely to be unnoticeable in an urban environment. Our second full-scale VX4 prototype utilizes our next iteration, second generation propellers.

### ***Combining Proprietary Systems with Strategic Partners with Industry-Leading Expertise***

We believe that our strategic partnerships create a sophisticated eVTOL ecosystem that allows us to focus on creating value for our customers throughout the process. We have sought out partnerships with industry leaders across critical components required to successfully design, develop and operate our aircraft. We have established strong collaborations and relationships with Honeywell, Dassault, Syensqo, GKN Aerospace, Leonardo, Mollicel, Hanwha and CAE to support the development, manufacture and operation of our aircraft.

#### *Powertrain — Procurement process in progress*

On May 22, 2024, we entered into an agreement with Rolls-Royce to terminate the contract we had previously entered into with Rolls-Royce to develop an Electric Propulsion Unit. Pursuant to the termination 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. In connection with the termination agreement, Rolls-Royce transferred to us ordinary shares in the Company held by it, which Rolls-Royce acquired from the Company in a private investment transaction in 2021.

We do not expect this change to impact the timing of delivery of our plans. We are in advanced negotiations with potential replacement suppliers, one of which we are already collaborating with for our current prototype aircraft.

#### *Flight Controls — Honeywell*

We have partnered with Honeywell, a leading technology and manufacturing company, to develop our next generation avionics and flight controls. We believe the combination of our advanced flight control systems that have a high level of automation and state-of-the-art cockpit human machine interface will be key to reducing pilot workload, minimizing pilot training and operating costs. Our VX4 uses an advanced control system that is based on the system created for the Lockheed Martin F-35, and the triple-redundant architecture safety features of this system are expected to be certified to the same safety standards as commercial airlines. Our partnership with Honeywell provides us with globally recognized services that encompass the design, development and provision of avionics, fly-by-wire navigation and connectivity solution for eVTOL.

#### *Digital Systems — Dassault Systems*

Through our partnership with Dassault Systems, we have created the Digital Twin of the VX4 Aircraft in Dassault's 3Dx Platform. Vertical is the 7th selected partner by Dassault, from over 8,000 aerospace and defense customers, meaning we have direct access to the Dassault R&D teams enabling collaboration in configuring and developing the software functionality for the digital twin aircraft. 3Dx is a cloud-based ecosystem representing the 'single source of truth' where our Product Life Management Infrastructure is built supporting the Design Assurance System (DAS) needed to maintain our DOA and eventually our POA. Through working with Dassault's 3Dx Platform, we have been able to deliver business efficiencies through 'out-of-the-box' solutions and via enhancement requests providing working methodologies ahead of the program needs. These efficiencies include time savings in producing the Configuration Report (required by the CAA Permit to Fly).

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### *Composites — Syensqo (formerly Solvay)*

We partnered with Syensqo, a global leader in materials, solutions and chemicals, to access the composite materials and adhesives needed for our aircraft. Syensqo brings extensive expertise across aerospace, motorsport and automotive, and Syensqo is pioneering the development of advanced composite materials and manufacturing technologies that bring the benefits of lightweight solutions that can be manufactured with a high degree of automation, using the minimum amounts of materials to enable high production rates and low costs. Working closely with Syensqo has ensured that our aircraft structure, propellers and battery containment system are not only composed of high-quality materials, but also that we are sourcing our materials in a sustainable and innovative way.

### *Electrical Wiring Interconnection Systems — GKN Aerospace*

We are working together with GKN Aerospace, a provider of cutting edge components for some of the world's leading aircraft and helicopters, to create the EWIS for our aircraft. GKN Aerospace designs and manufactures aerospace systems and components for a variety of aircraft and engine manufacturers around the world, and its high volume production capabilities are expected to help drive the global production of the VX4. We expect that the EWIS provided by GKN Aerospace will contribute to lower costs and weight of our aircraft, improving its overall performance. We have co-located teams in order to leverage GKN Aerospace's integration expertise and industrial capability, and we assembled the first and second full-scale VX4 prototype airframe, and currently assembling the third, at GKN Aerospace's Global Technology Centre in Bristol.

### *Carbon composite Fuselage – Leonardo*

Leonardo Aerostructures is a world leader in advanced composite aerospace structures, producing one piece barrel sections and horizontal stabilizers for aircraft such as the Boeing 787. Leonardo is bringing its technology and scale manufacturing experience to bear in the manufacture of the Fuselage and Pylons for the second and third VX4 prototype, which is currently being assembled.

### *Battery Cells — Molicel*

Molicel is a leading manufacturer of lithium-ion cells with more than 40 years of experience in energy research and development. By partnering with Molicel, we have secured a supply of high power cylindrical cells for the VX4 through to certification and entry into service. We intend to work with Molicel to increase supply as the VX4 is brought into mass production. Having reviewed the capabilities of many other cell manufacturers before selecting Molicel as our battery partner, we believe Molicel is well placed to meet the current performance and safety requirements of the VX4 and that they will continue to deliver innovation and improved performance over time. We will work with Molicel to ensure its battery cells contribute to the safety, reliability and performance of the VX4, and we expect to have this battery system certified concurrently with EASA and the CAA. Since we began testing Molicel's cells, Vertical has conducted more than 2 million hours of electrical testing at cell, module and pack levels.

### *Flight Simulation and Pilot Training — CAE*

We are working together with CAE, a market leader in flight simulation and training, to develop a best-in-class training program. CAE will be the exclusive training device provider, tailoring the high-fidelity, next-generation flight simulation training device for the VX4 aircraft. The innovative pilot training program is expected to leverage advanced technologies, including mixed reality to enhance the learning experience, and is expected to help shift the training paradigm toward cost-effectiveness and scalability, while ensuring safety, which is paramount to us and our operators.

### ***Building Commercial Partnerships for the Future***

We have deployed a sales strategy engaging in direct sales to operator customers and third party distribution networks. Certain customer obligations are expected to be fulfilled via third party agreements. 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, or their permitted assigns, for multiple pre-orders and pre-order options for our aircraft, including with American Airlines, Marubeni, Iberojet, Avolon, Bristow, Babcock International, FLYINGGROUP and Kakao Mobility in order to further our global route to market strategy.

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### *American Airlines*

We launched collaborative efforts with the world's largest airline, American Airlines, as a cornerstone for our go-to-market deployment in the United States in June 2021. American Airlines has agreed to pre-order, subject to certain conditions precedent, up to 250 of our aircraft, with an option to order an additional 100 aircraft, which has an aircraft order value of approximately \$1 billion to \$1.4 billion. We committed to reserve delivery slots for the first 50 aircraft in exchange for a pre-delivery payment to be made upon entering into a master purchase agreement containing the final terms for the purchase of aircraft, which will be released to Vertical upon the satisfaction of certain conditions agreed by the parties, and later be used to set off against the purchase price for the number of aircraft ultimately purchased by American Airlines. Such Pre-Delivery Payment may be refundable in full to American Airlines under certain circumstances. Beyond aircraft sales, we have been working together with American Airlines to bring AAM to the United States including identifying necessary infrastructure, reviewing routes and propositions, as well as discussing, certification and regulation. As part of this collaboration, American Airlines will benefit from certain equity incentives upon the fulfilment of the commitment to purchase aircraft.

We intend to partner with other existing operators and infrastructure players in other markets to deliver our eVTOL flight services in addition to our existing OEM sales and services operations. We believe this flexible hybrid approach will allow us to access and efficiently capture more of the total addressable market while providing us with end-to-end control over the customer experience to optimize for customer safety, comfort and value.

### *Marubeni*

We are partnering with Marubeni, a leading Japanese integrated trading and investment business conglomerate, to explore sustainable, emissions-free AAM travel solutions in Japan. Marubeni has agreed to pre-order, subject to certain conditions, up to 200 of our aircraft, with an aircraft order value of approximately \$800 million. In January 2023, we received a pre-delivery payment from Marubeni for the reservation of aircraft delivery slots for 25 aircraft, which may be refundable in full under certain circumstances. We and Marubeni continue to advance our joint working group to progress the launch ecosystem for eVTOL operations in Japan, which includes other commercial considerations such as route and network planning, vertiport and charging infrastructure requirements and capacity, as well as engaging with other parties interested in launching AAM travel solutions in Japan.

Together with Marubeni, we expect to accelerate our entry into the Japanese market and offer Japanese consumers a safer, faster, cheaper and greener alternative to current short haul options in the country. We believe that with its regulatory advancement and technological advantages, Japan has great potential in terms of commercializing the AAM market. A number of use case application for eVTOLs has been envisioned in Japan, including airport shuttle, inter-city and intra-city travel, aerial medical emergency services, tourism and cross-island flights that will benefit both customers and communities.

### *Iberojet*

We launched a partnership with Iberojet, which is part of the Avoris Group, a leading travel group in the Spanish and Caribbean markets, in order to explore business collaboration opportunities in AAM, focusing on inter-island travel in the Balearic Islands and Canary Islands, airport passenger feeder operations and the distribution of long haul customers to touristic destinations to/from resorts and airports. Iberojet has agreed to pre-order, subject to certain conditions, up to 100 aircraft, with an aircraft order value of approximately \$400 million. We agreed to create a joint working group with Iberojet to evaluate the foregoing AAM opportunities, as well as collaborate on identifying key regulatory bodies in key markets of anticipated operation; analyzing demand, fleet size, infrastructure and storing requirements; identifying potential infrastructure partners, investors and developers; analyzing public acceptance and environmental requirements.

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### *Avolon*

We are partnering with Avolon, the world's second largest aircraft lessor with an extensive global network of airline and OEM relationships, to further expand our customer base in the AAM market. Avolon has existing, long-standing relationships with over 140 airlines globally and a track record of investing in new, innovative aerospace technology. Avolon will be our global go-to-market partner packaging aircraft, asset financing and services to enable forward thinking, entrepreneurial operators to establish AAM operations in new markets. Pursuant to its partnership agreement with us, Avolon has agreed to pre-order approximately 310 of our aircraft, with an option to purchase up to approximately 190 additional aircraft, with an aircraft order value of between \$1.25 billion and \$2 billion. On March 29, 2022 Avolon announced that it had placed its entire 500 aircraft pre-ordered from us, with the order book being oversubscribed by 50 aircraft, including 250 aircraft with GOL and Grupo Comporte in Brazil, up to 100 aircraft with Japan Airlines in Japan, a minimum of 100 aircraft with AirAsia, and up to 100 aircraft with Gözen Holding in Turkey. In connection with our partnership, Avolon invested a total of \$15 million in the PIPE Financing and we also issued certain equity warrants to Avolon in connection with the Business Combination.

### *Bristow*

We launched a partnership with Bristow, a leading global provider of vertical flight solutions to government and civil organizations, to develop a joint working group to collaborate on identifying key regulatory bodies in key markets of anticipated operation; analyzing demand, fleet size, infrastructure and storing requirements; identifying potential key customers and markets; analyzing public acceptance and environmental requirements. Bristow has agreed to pre-order, subject to certain conditions, up to 50 of our aircraft, with an aircraft order value of up to \$200 million. We believe that partnering with Bristow will enable us to accelerate the commercial operation of eVTOLs and effectively disrupt the helicopter market with our zero operating emissions, quiet, low operating cost VX4 as an alternative to traditional helicopters.

### *Babcock International*

We launched a partnership with Babcock International, an aerospace, defense and security company, to explore new applications for the VX4. Babcock International has over 35 years of experience in emergency medical services, performing thousands of missions every year globally, and is the largest single operator delivering helicopter emergency services in the U.K. We will work with Babcock International to explore how to use the VX4 in new applications such as aerial emergency medical services and cargo transportation. The VX4 has the potential to transform these types of operations and reduce their carbon impact at a lower overall cost. As part of this partnership, we will also work with Babcock International to develop modular maintenance, repair and overhaul ("MRO") capabilities to enable cost-effective maintenance of the aircraft in both remote and challenging environments and to maximize availability of the VX4 in service. Leveraging Babcock International's experience in the defense industry, this partnership will also explore how the eVTOL concept may be expanded in the future to support the armed forces with non-effectual capabilities, e.g. medium-range logistics delivery.

### *FLYINGGROUP*

We are partnering with FLYINGGROUP, one of Europe's leading business jet operators, to explore the use of the VX4 in the business aviation market. FLYINGGROUP has agreed to pre-order, subject to certain conditions, up to 50 of our aircraft, with an aircraft order value of approximately \$200 million. We and FLYINGGROUP continue to advance our joint working group to explore FLYINGGROUP's application of using the VX4 in the business aviation market, including individual ownership, low volume operation and fractional ownership. The joint working group is also exploring the terms and conditions of an MRO service center, potentially granting FLYINGGROUP the right to perform MRO services for their fleet and to support their private sales.

### *Kakao Mobility*

In May 2023, South Korean mobility technology company, Kakao Mobility, pre-ordered up to 50 of Vertical's VX4 aircraft, with an aircraft order value of approximately \$200 million, adding South Korea to our list of customer launch markets. Kakao Mobility, the largest Mobility-as-a-Service (MaaS) platform in South Korea with more than 30 million registered users, is the mobility subsidiary of South Korean internet giant, Kakao Corporation. Kakao Mobility runs the country's most popular taxi-hailing app, Kakao T, providing taxi-hailing, designated driver booking, parking space search, and Kakao Navi app providing real-time traffic information services. Vertical and Kakao Mobility have established a joint working group to drive the commercialization of AAM services in South Korea, including the exploration of network and fleet planning, infrastructure requirements, regulatory development, and consumer awareness of eVTOL mobility solutions.

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All of the pre-orders held by American Airlines and Avolon are treated separately from their investments in our company through the PIPE. For more information about the conditions for each of the pre-orders and pre-order options, as well as the receipt of a pre-delivery payment from Marubeni, please see *“Risk Factors — Risks Related to Our Business and Industry — All of the pre-orders we have received for our aircraft are not legally binding, are conditional and may be terminated without penalty at any time by either party. If these orders are cancelled, modified, delayed or not placed in accordance with the terms agreed with each party, our business, results of operations, liquidity and cash flow will be materially adversely affected.”*

### **Targeted Sales Approach**

As an OEM, we have built and plan to address an extensive and diverse customer base: (i) airlines that want to extend the passenger experience into their main hubs, creating micro feeders and catchment networks, and transit to city centers and urban areas; (ii) regional airlines that will develop point-to-point routes; (iii) business aviation companies that will complement their offerings with a last-hop service to end destination; (iv) aircraft lessors that will financially support the delivery of business opportunities; and (v) existing helicopter operators that will progressively replace their light segment by our new generation of safer, cheaper and more sustainable aircraft, enabling new operations.

Because we are not selling a traditional aircraft, we are actively working to enable the creation of an ecosystem, seeking out local partnerships with our customers and other key industry players in certain strategic markets, with the goal of expanding beyond those particular markets once we have gained the relevant experience.

We are working with local transport and aviation authorities, airspace, infrastructure, energy and mobility providers, together with our partners, to comply with local requirements and ensure that there will be the necessary infrastructure and regulations in place for our aircraft and for our partners' expected operations. A collective effort will be required of both us and our ecosystem partners in order to develop policies and ensure public acceptance, prepare infrastructure and airspace integration for future operations. As part of this work, we are a member of The Air Mobility Ecosystem Consortium (AMEC) which brings together a wide-ranging group of world-leading public and academic institutions, including AtkinsRéalis, Skyports, NATS, Connected Places Catapult, Cranfield University and WMG - University of Warwick, Bristol Airport, London City Airport and Heathrow Airport, to demonstrate the commercial and operational viability of AAM in the UK.

We are also undertaking demand analysis and network simulation to allow us to anticipate societal and economical value. Our mission and concepts of operation, together with our strategic partnerships across key markets, will help us to ensure the effective integration of our aircraft and ecosystem with other existing transport means and networks.

We have already started executing our sales strategy through our collaborations with American Airlines, Avolon, Bristow, Iberojet, Marubeni, Babcock International, FLYINGGROUP and Kakao Mobility. Certain customer obligations are expected to be fulfilled via third party agreements. We are working together with all our commercial partners to define the roadmap for the upcoming years that will enable safe entry into service.

We have a significant number of pre-orders from our existing customers. While we are being selective in our active pursuit of more pre-orders, our pre-order book remains open to new customers.

We will listen to the voices of our customers and analyze potential market opportunities in tourism, cargo, medical and other public services, and eventually plan to develop specific mission variants. We will explore the scaling of our vehicle into increased range and payload.



***Provide Comprehensive After Sales Services***

After we deliver our aircraft, we expect to be able to provide significant additional value through our “Aircraft Services” business. Where required, we plan to partner with our customers to operate our aircraft; the expertise and knowledge we will gain through the design, development, certification, manufacture and assembly of our aircraft will be critical to ongoing maintenance of our aircraft. We plan to develop global clusters, aligned to our OEM markets, to support pilot training, battery management and aircraft maintenance. We plan to partner with existing infrastructure players and deliver our eVTOL flight services over the top of existing operations.

Aircraft Services will be defined as an integrated package that will include services such as battery management, pilot training and licensing and general aircraft maintenance. Our aircraft will be highly digital and will generate significant amounts of operational data. We have created a Vertical Cloud to host aircraft data and will be leveraging this to provide aircraft equipment health monitoring, vehicle and fleet operational and maintenance optimization and additional aftermarket services. By the time we launch our Aircraft Services, we expect to also be well advanced in developing pilot simulators as part of our ongoing aircraft certification program, which we will be able to roll out as pilot training services.

One of the most critical components of the VX4 is our battery system, which is being designed in-house, given the unique requirements for eVTOL battery systems. The battery would be certified as part of the aircraft, and therefore, we believe that our OEM sales will drive an aftermarket revenue stream for battery replacements and upgrades. We intend to optimize battery utilization and replacement timing by leveraging the leading smart charging and advanced battery health diagnostics research we are currently undertaking. Furthermore, our battery is being designed for re-use, taking out deteriorated cell packs for second life use in non-aviation, while reusing the valuable aerospace grade electronics and composite battery packs. Once we have developed this technology, we may expand these services into other industries that use similar battery systems, such as the wider electrification of transportation and stationary storage for grid applications.

***Carefully Selected Team with Leading Aerospace and Automotive Expertise***

We have a highly experienced senior team that includes individuals from the aerospace and advanced automotive industries, led by our Chief Executive Officer, Stuart Simpson, who previously served as CFO of Avast plc, a FTSE 100 company, before its \$8 billion acquisition by NortonLifeLock, and as Interim CEO, CFO and COO at Royal Mail, and has a long history of experience working in the automotive industry, working for General Motors and Rolls-Royce and Bentley Motor Car Company; Michael Cervenka, our Chief Commercial and Strategy Officer, who previously served as Head of Future Technologies, among other key roles, at Rolls-Royce; David King, our Chief Engineer, who previously served as the Chief Engineer of the AW609 at Leonardo and at aircraft manufacturer Bell Aircraft, where he was Chief Engineer and launched Bell’s newest commercial helicopter design and certification project, the Bell 525 Relentless; Dr Limhi Somerville, our Engineering Director, who previously chaired the EUROCAE WG-112 Electrical working group and worked at Jaguar Land Rover and Argonne National Laboratory; and Charlotte Cowley, Director of Strategic Finance, who previously led Investor Relations for Burberry Group and Aston Martin Lagonda, where she supported successful capital raises. We believe that our management team is crucial to our success, including our ability to create proprietary systems and work closely with our strategic partners to bring what we believe will be an industry-leading eVTOL aircraft to market.

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Dómhnal Slattery rejoined Vertical as Chairman of our Board in January 2025, after previously serving as Chairman from January 2022 to August 2023. Mr. Slattery brings over three decades of global aviation industry expertise and is one of the world's leading aircraft leasing and finance pioneers, having founded and built Avolon and SMBC Aviation into leading industry players, which are respectively ranked as the number two and three aircraft leasing companies in the world. Mr. Slattery is also CEO and Chairman of Clahane Capital.

The complementary skill sets of our handpicked, high-class team are critical to the success of the aircraft designs and our business. We are headquartered in Bristol, which is at the center of the United Kingdom's aerospace cluster, giving us a unique access to talent and aerospace technical and supply chain ecosystems, which we believe differentiates us from our competitors and increases the barriers to entry.

### ***Designed for Scalable Manufacturing***

We are designing our aircraft with a focus on manufacturing and the fastest route to scale from day one. After receiving CAA and EASA certification, we anticipate rapid scaling as a result of the ecosystem we have built with the combination of our proprietary systems and strategic partnerships. We will be responsible for the overall manufacture and assembly of the aircraft and battery system and will leverage our industrial partnerships in order to deliver our aircraft as quickly as possible. Our strategy is to work with major aerospace suppliers to enable production ramp-up, which we believe will be a significant differentiator for us.

We aim to begin with staged production that will align with pre-orders from our strategic partners. While the components and sub-systems will be manufactured by our supply chain partners, we will carry out final assembly of the battery systems and the overall aircraft in purpose-built facilities. By integrating our partners and suppliers into our manufacturing line, we expect to reduce operating costs while simultaneously spreading risk across the supply chain. This strategic partnership approach will leverage the significant industrialization capabilities in our supply chain ecosystem, allowing us to focus on the assembly of our aircraft and avoid having to make significant investments in individual component and sub-system manufacturing.

As per our Flightpath 2030 strategy, we aim to have delivered at least 150 aircraft to our customers, by the end of the decade, achieving significant milestones in high-quality, large-scale production. We are targeting an annual production rate exceeding 200 VX4 units by the fourth quarter of 2030, with plans to scale up to greater than 700 units per year in the medium-term, to deliver against our leading pre-order book. To achieve this goal, Ross Crawford, who has extensive experience in early stage manufacturing ramp ups, including at Jaguar Land Rover, was appointed in November 2024 to lead Vertical's manufacturing capabilities.

We expect that in the near term, there will be significant market demand for eVTOL aircraft as a replacement to helicopters, which we believe will propel further market growth and help to grow new transportation opportunities. We anticipate scaling and growing our production capacity by leveraging the partnership-based ecosystem that we are creating, which we believe will allow us to meet this market demand quickly and efficiently.

We expect to initially produce lower volumes in the early years of production, while continuing to plan for higher volume manufacturing in the future.

### ***Our Focus on Sustainable Manufacturing and Safety***

We plan to design our facilities and manufacturing processes to be efficient, safe and sustainable in order to minimize our carbon footprint and encourage us to be leaders in creating environmentally friendly manufacturing practices and aircraft. We have partnered with Syensqo and Leonardo, global leaders in composite materials in aerospace, to incorporate lightweight composite materials that allow our aircraft to be lighter, and therefore, more fuel efficient, while also providing a high quality experience that exceeds that of metal parts.

### ***Attractive Aircraft Unit Economics Driving Adoption***

We believe that our VX4 aircraft will offer compelling operating costs across a range of potential missions. We believe our expected low operating costs will enable operators to offer prices at a reduction to existing helicopter ridesharing services, ensuring affordability for passengers and enabling mass adoption. The VX4 is being designed to allow flexibility in operators running both intra-city and inter-city missions not just for passenger operations but also potentially cargo, medivac and other use cases. Compared to helicopters, we believe some of the key cost advantages of the VX4 will be: a reduced part count and complexity, lowering maintenance costs; simplified aircraft operations through simpler training and greater accessibility, which can ultimately lead to lower costs; and an expected greater utilization of the aircraft as a result of greater landing site utilization due to reduced noise and lower costs as demand for the aircraft increases over time and they gain more popularity. Benchmarking against existing helicopter ridesharing operations and engaging in dialogue with our key strategic partners provides us with clearer visibility on operational costs.

We believe our low production costs and ability to rapidly scale production to meet customer demands will also help to drive our future OEM sales. Through our collaborative industrial partnerships with key component providers, we have strong confidence in our bottom-up component by component projected cost structure for the VX4. We have a number of certification and early production contracts signed and will negotiate future production contracts that include global aftermarket support and other services to support our production process. These cover an extensive proportion of the cost base of the aircraft and gives us strong certainty of what we can deliver in the future. Moreover, we believe our access through strategic partners to vast aerospace supply chains will allow us to rapidly increase production while maintaining our cost structure. Our strategic aerospace partners have the capabilities to manufacture at scale while meeting stringent aviation technical requirements, which gives us a competitive advantage against competitors with lower specification automotive partnerships or start-up companies that have chosen to predominantly vertically integrate their manufacturing activities.

### ***Future Market Opportunities***

We intend to leverage our expertise and position as a leading eVTOL aircraft OEM to generate revenue by providing services ancillary to our aircraft. We believe there are opportunities to address sectors that are adjacent to our core business, including delivery and logistics as well as emergency services, cargo and military logistics transport applications, as well as selling and servicing battery systems and battery packs in other sectors such as automotive and stationary grid storage. Through our Aircraft Services business, we intend to leverage developments in our battery technologies and alternative methods of energy storage for use in other applications as well as other sectors in the future after we begin manufacturing our aircraft at scale.

Our Aircraft Services will include battery management, pilot training and licensing and aircraft maintenance. Our aircraft will use our proprietary battery systems, and we will be able to service battery systems by providing replacement hardware and smart diagnostics that we expect will enable optimum battery charging, operation and maintenance, as well as maintain an inventory of spares to support our aircraft around the world. In addition, our aircraft will be highly digital and will provide significant amounts of operational data that we can use to generate additional revenue for our “Vertical Cloud Services” business.

### ***Government Regulation and Compliance***

In the near term, our priorities include working with the CAA, EASA, the FAA, and other regulators such as JCAB and ANAC in connection with the certification and validation processes of VX4, and working on policy engagements with regulators, decision makers and communities within our key markets.

### ***Certification Process***

For a discussion of the design certification process, known as “type certification,” see “*Our Business and Strategy—Focus on Certification*” above.

### ***Airspace Integration***

Our aircraft are being designed to be operated under current flight rules and regulations with a qualified pilot in command onboard the aircraft. As such, fixed wing and rotary commercial pilots initially will be able to fly our aircraft once they have secured the necessary aircraft type rating approvals. As the eVTOL industry expands, we will work with pilots and regulators to explore opportunities to tailor the types of training required to fly eVTOL aircraft in a safe, effective manner and widen the pool of pilots qualified to safely fly the aircraft.

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We also believe there are opportunities to expand ground infrastructure and create air traffic efficiencies, and we expect to work with local authorities and other stakeholders to identify and develop procedures along high demand routes to support increased scale and operational tempo. In the long term, digital clearance deliveries, airspace authorizations and automated coordination between service providers and operators may be required to further increase airspace scalability. We expect to continue to be involved in the long term activities to develop community based concepts and technologies to further enable scaling towards mature and autonomous operations in order to ensure that our aircraft can provide the necessary benefits to our customers, regulators and the communities in which we operate.

### ***Joint Working Group and Policy Engagements with Decision Makers***

EASA regulations have significantly matured in recent years, and our team has been at the forefront of shaping these regulations. In addition, we have established joint working groups with our commercial and strategic partners. Through these groups, we have an ecosystem of partners with expertise or decision making responsibility in all the key areas needed to bring the VX4 to market, including regulation, infrastructure, air traffic control, finance and operations. This ecosystem provides us with access to deep experience of flight operations and existing networks. This allows us to model the specific requirements in our various markets, including mission routes, developing network mapping, infrastructure needs and services such as pilot training and MRO. We believe these joint working groups are a key component of bringing the VX4 to market and a key differentiator, and we expect to continue engaging with them in the medium to long term.

### ***Noise Regulations***

Our aircraft is being designed to minimize noise to enable access not only to existing aviation infrastructure, but to also allow for operations in and out of proposed new vertiports that are nearer to where people want to live and work. We believe our aircraft will have a noise profile of less than 70dBA in hover, the same as low-level city traffic, and less than 50dBA in cruise, which is likely to be unnoticeable in an urban environment.

### **Research and Development**

We conduct extensive research and development to reduce technical risks associated with manufacturing our aircraft. The testing of this aircraft helps us to evaluate candidate system architectures and components for the certified production aircraft. Additionally, we are performing research and development on battery systems and other electric powertrain components in order to maximize the performance of our aircraft.

### **Intellectual Property**

Our success depends, in part, upon our ability to protect our core technology and intellectual property. To establish and protect our proprietary rights, we rely on a combination of intellectual property rights, such as patents, patent applications, designs, trademarks and copyrights, confidentiality to protect proprietary information, such as knowhow, expertise and trade secrets, and contracts, such as license agreements, confidentiality and non-disclosure agreements with third parties, employee and contractor disclosure and invention assignment agreements and other similar contractual rights. In particular, unpatented trade secrets in the fields of aerospace and automotive engineering are an important aspect of our business to ensure that our technology remains confidential. We also pursue patent protection when we believe we have developed a patentable invention and the benefits of obtaining a patent justify the expenditure and outweigh the risks of making the invention public through patent filings.

As of December 31, 2024, we have one granted patent in the United Kingdom, one allowed (but not yet granted) patent application in the United States and fifteen pending (but not yet allowed) patent applications (seven in the United Kingdom, two in the United States, three in Europe under the European Patent Convention, one in Japan, one in China, and one international application under the Patent Cooperation Treaty) covering ten inventions. Four of the seven United Kingdom patent applications, and the international application, may be extended into multiple other territories worldwide. The European patent applications, if granted, can be extended to protect the inventions in any European territory of interest. The territories will be selected based on a cost-benefit analysis. Our patent applications, all but eight of which are in the public domain, relate to our vehicle configuration, propulsion systems, thermal management, propeller arrangements, battery pack, and power distribution system.

As of December 31, 2024, we have four registered trademarks. We have three registered trademarks in the United Kingdom and one registered international trademark under the Madrid Protocol, which designates Australia. The international trademark may be extended into multiple other territories worldwide.

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We regularly review our development efforts to assess the existence and patentability of new inventions, and we will file additional patent applications when we determine it would benefit our business to do so.

Furthermore, we monitor competitor patent portfolios and take pre-emptive action to mitigate potential risks posed by competitor patents. As of December 31 2024, we have filed an Opposition with the European Patent Office against one such competitor patent.

### **Our Employees**

As of December 31, 2024, we had 359 full-time employees, including one intern employee and 8 fixed term contract employees. We are actively recruiting new employees as we continue to scale our operations. Our hiring strategy has been to acquire top talent across various disciplines to help us to build our high-quality eVTOL aircraft. As a result, we have assembled what we believe to be a world-class engineering team with extensive experience in certification, aircraft design, systems integration, aerodynamics, noise, electric propulsion, batteries, lightweight composite structures, mechanical systems and manufacturing.

### **Our Competition**

We believe that the primary sources of competition for our service are ground-based mobility solutions, other eVTOL developers/operators and local/regional incumbent aircraft charter services.

We believe the primary factors that will drive success in the AAM market include:

- the performance of our eVTOL aircraft relative to both competitive eVTOL aircraft and traditional aircraft,
- the ability to certify the aircraft and service operation in a timely manner,
- the ability to manufacture efficiently at scale,
- the ability to develop or otherwise capture the benefits of next generation technologies, and
- the ability to deliver products and services to a high level of quality, reliability and safety.

While there are differentiated approaches to vehicle designs and business models, we believe that our aircraft and business model offer the highest chance for success on a global scale. Our differentiated aircraft, best-in-class battery and passenger accommodation, certifying to the highest levels of safety in aviation, and partner ecosystem position us well to be successful in the global markets.

### **Seasonality**

To date, we have not experienced any pronounced seasonality, but such fluctuations may have been masked by our historical rapid growth.

### **C. Organizational Structure**

The legal name of our company is Vertical Aerospace Ltd. and we are organized under the laws of the Cayman Islands as an exempted company. Our wholly-owned operating subsidiary, VAGL, is a private limited company incorporated under the laws of England and Wales.

## **D. Property, Plants and Equipment**

### ***Corporate Offices; Test Facilities***

#### *Corporate Headquarters*

We are headquartered in Bristol, England, which is known as one of the largest aerospace areas in the United Kingdom, where we have our research and development facility. Our facility in Bristol is leased from a third party for a term of ten years expiring in 2028. The lease covers an aggregate of approximately 35,000 square feet.

#### *Vertical Flight Test Centre*

We have a dedicated flight test centre located at Cotswold Airport, Kemble, England, United Kingdom. Our facility in Kemble is comprised of three aircraft hangars and ancillary buildings. One hangar is leased from a third party for a term of five years expiring in 2026, covering an aggregate of approximately 50,000 square feet. The other two hangars are leased from a third party for a term of 12 months expiring in 2026, with each covering an aggregate of approximately 6,500 square feet. Ancillary buildings, used for office and workshop space, are leased on a short term basis, providing an additional aggregate of approximately 5,000 square feet.

#### *Vertical Energy Centre*

We lease approximately 15,000 square feet located at Severn Road, Avonmouth, Bristol, England for a battery testing facility. The facility is leased from a third party for a term of 10 years, expiring in November 2033.

We are subject to laws and regulations concerning the environment, safety matters, and product safety in the countries where we conduct research, development, testing and manufacturing activities or otherwise operate our business, including with respect to our battery testing facility. These requirements include regulation of the handling, manufacture, transportation, use and disposal of materials, including the discharge of pollutants into the environment. See Item 3.D. *“Risk Factors — Risks Related to Our Business and Industry — We are subject to many hazards and operational risks that can disrupt our business, including interruptions or disruptions in service at our facilities, which could have a material adverse effect on our business, financial condition and results of operations.”*

Additionally, as we continue to grow and expand, we will require specialist facilities for assembly, testing and production of our aircraft in the future.

### ***Financing***

We expect to continue to use cash, including the proceeds of the Business Combination, the PIPE Financing, SF Investment, Equity Subscription Line, Convertible Senior Secured Notes, 2025 Offering and other future financing to fund our continued expansion.

### **Item 4A. Unresolved Staff Comments**

None.

## Item 5. Operating and Financial Review and Prospects

*You should read the following discussion of our operating and financial review and prospects in conjunction with our consolidated financial statements and the related notes included elsewhere in this Annual Report. The following discussion is based on our financial information prepared in accordance with International Financial Reporting Standards, or 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 “Risk Factors” section of this Annual Report. See “Cautionary Statement Regarding Forward-Looking Statements.” Our actual results could differ materially from those contained in any forward-looking statements.*

*Certain information called for by this Item 5, including a discussion of the year ended December 31, 2022 specifically as well as the year-over-year comparison of our 2023 financial performance to 2022 has been reported previously in our Annual Report on Form 20-F for the year ended December 31, 2023 filed on March 14, 2023 under Item 5. “Operating and Financial Review and Prospects.”*

### Overview

Our vision is to transform how the world moves. We are a global aerospace and technology company that is pioneering electric aviation, focused on designing, manufacturing and selling a zero operating emission eVTOL aircraft for use in the AAM market, using cutting edge technology from the aerospace, automotive and energy industries.

Founded in 2016, we come from a deep aerospace and automotive mindset and we designed, built and flew 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, more advanced, full-scale VX4 prototype commenced flight tests in July 2024, achieving the milestone of piloted thrustborne flight maneuvers in January 2025. The assembly of our third full-scale VX4 prototype, identical to the second, is underway. Both our second, and soon to be third, prototypes include 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 propellers which we are designing and developing in-house. 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 OEMs actively pursuing certification from the CAA and 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 FAA, ANAC and JCAB.

In March 2023, the CAA issued us with an eVTOL DOA, the scope of which was expanded in July 2024, enabling 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. UK and European aerospace companies cannot hold a type certificate, necessary for entry into service, without being granted a DOA. The DOA authorizes us to conduct design activities and issue design approvals within the DOA’s scope of approval.

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We are developing a sophisticated eVTOL ecosystem that allows us to focus on providing a high quality experience. Our in-house expertise, together with our industry-leading partners, cover 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.

### **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.

In July 2024, we completed the build of our second more advanced full-scale VX4 prototype. This prototype 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 began our piloted flight test campaign, completing our first tethered piloted flight in July 2024. In September, the latest VX4 completed Phase 1 of its piloted flight test program at the Vertical Flight Test Centre and in November 2024, it achieved piloted, untethered vertical take-off and landing for the first time as Phase 2 of its flight test program began. Through January 2025, untethered flight tests continued with Vertical becoming what we believe is only the second company in the world to achieve piloted thrustborne flight maneuvers with a full-scale vectored thrust eVTOL aircraft. These tests demonstrated the prototype aircraft's ability to hover and progress to piloted, low-speed maneuvers using lift generated by the propellers. Phase 2 concluded in February 2025, with the prototype completing over thirty piloted test flights in this phase, including successful hover and low speed flight maneuvers, as well as executing handling and performance procedures including roll, yaw, and spot-turns.

Vertical is currently assembling an identical full-scale prototype which will accelerate the VX4's flight test program and demonstration capability. Once assembled, we will take flight test learnings from both prototypes into the design and development of the certified VX4 model.



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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 third party 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 pre-orders and pre-order options for our aircraft, including with American Airlines, Avolon, Bristow, Marubeni, Kakao Mobility, Iberojet, FLYINGGROUP as well as (through Avolon's VX4 placements) Japan Airlines (JAL), Gol, Gözen Holdings and AirAsia – with certain customer obligations expected to be fulfilled via third party agreements. 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 pre-delivery payment in exchange for our commitment to reserve delivery slots for the first 50 VX4 aircraft of American Airline's conditional pre-order 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 pre-orders, 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 this 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 this 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 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 implementation of tariffs under the new Trump administration and retaliatory tariffs by the targeted countries. 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.*” of this Annual Report.

## **Convertible Senior Secured Notes**

On December 16, 2021, we issued the Convertible Senior Secured Notes to Mudrick Capital with a principal amount of \$200 million.

On December 23, 2024, in accordance with the First Supplemental Indenture:

- (i) The maturity date of the Convertible Secured Senior Notes was extended from December 15, 2026 to December 15, 2028;
- (ii) The interest rate payable on the Convertible Senior Secured Notes increased from 7% to 10% cash interest and from 9% to 12% for paid-in-kind interest; and
- (iii) The conversion rate or price at which the Convertible Senior Secured Notes are convertible was changed from 1,818,182 ordinary shares at a variable conversion price of \$110 per ordinary share (or 9.9091 ordinary shares per \$1,000 principal amount) to a total of 84,542,116 ordinary shares, consisting of (a) 47,343,585 ordinary shares at a fixed conversion price of \$2.75 per ordinary share (or 363.636 ordinary shares per \$1,000 principal amount) for half of the principal amount of the Convertible Senior Secured Notes and (b) 37,198,531 ordinary shares at a fixed conversion of \$3.50 per ordinary share (or 285.714 ordinary shares per \$1,000 principal amount) for the other half.

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Immediately following the execution of the First Supplemental Indenture, the Partial Conversion occurred, wherein the holders of the Convertible Senior Secured Notes delivered conversion notices to the Company for the conversion of half, or approximately \$130 million in principal amount, of the Convertible Senior Secured Notes at the fixed conversion price of \$2.75 per ordinary share, resulting in the issuance of 47,343,585 ordinary shares by the Company to the holders of the Convertible Senior Secured Notes and our ultimate controlling party became Mudrick Capital. Our closing share price on December 23, 2024 was \$7.42 and as at December 31, 2024 was \$12.58.

In accordance with IFRS 9, these amendments represent a substantial modification of the existing derivative financial liability and is accounted for as an extinguishment of the original derivative financial instrument and the recognition of a new derivative instrument.

As a result, significant entries are shown within Net finance costs (net of finance income), shown as a component of our Results of Operations, as well as significant movements in derivative financial liabilities (as shown on our consolidated statement of financial position).

## **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 year ended December 31, 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 financial statements included elsewhere in this 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 additional levels of required resource in enabling functions to support our engineering activities. We also expect increases 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 year ended December 31, 2024.

See note 6 to our consolidated financial statements included elsewhere in this Annual Report.

##### *Related Party Administrative Expenses*

Related party administrative expenses include the reimbursement of legal costs incurred by Mudrick Capital, Imagination Aero and Stephen Fitzpatrick in relation to the Investment Agreement. Also included are costs incurred with Imagination Industries Investments Ltd related to the provision of a limited amount of flexible desk space at the United House in London.

### ***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 United Kingdom research and development tax relief schemes. Effective May 22, 2024, we reached an agreement with Rolls-Royce to terminate the contract we had previously entered into with Rolls-Royce to develop an Electric Propulsion Unit (EPU). Under the termination agreement, we received a cash amount from Rolls-Royce in an amount equal to \$34 million, recognized within other operating income.

### ***Net finance costs (net of finance income)***

In accordance with IFRS 9, the Convertible Senior Secured Notes are treated as a hybrid instrument, and upon initial recognition the Company did not separate the convertible note into a host liability component and a derivative liability component (in relation to the embedded conversion option).

A single derivative financial liability, recognized on the statement of financial position, is revalued at each reporting date using an option pricing model, with fair value gains or losses recognized through profit or loss. Option pricing estimates the probability that the conversion options will be in the money at expiration and assigns a dollar value to it. The underlying share price of the Company, exercise price, volatility, interest rate, and time to expiration have been used as inputs into the model to derive the option's theoretical fair value.

The Company has determined that in accordance with IFRS 9, the amendments to the Convertible Senior Secured Notes set forth within the First Supplemental Indenture represent a substantial modification of the existing derivative financial liability and is therefore to be accounted for as an extinguishment of the original derivative financial instrument and the recognition of a new derivative instrument, with the difference between the carrying amount of the original instrument and the fair value of the new derivative instrument being recognized in profit or loss.

Finance income and costs also includes fair value movements on 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.

### **Results of Operations**

The following table sets forth the consolidated statements of operations in British pounds sterling and as a percentage of revenue for the periods presented.

	<b>Year Ended December 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>% Change</b>
	<b>(in £ thousands)</b>	<b>(in £ thousands)</b>	
Research and development expenses	(59,888)	(65,373)	(8)%
Administrative expenses	(43,411)	(40,818)	6 %
Related party administrative expenses	(1,280)	(83)	1,442 %
Other operating income	43,412	4,326	904 %
<b>Operating loss</b>	<b>(61,167)</b>	<b>(101,948)</b>	<b>(40)%</b>
Net finance (costs)/income	(720,028)	19,341	(3,823)%
<b>Loss before tax</b>	<b>(781,195)</b>	<b>(82,607)</b>	<b>846 %</b>
Income tax (charge)/credit	(45)	22,661	(100)%
<b>Net loss</b>	<b>(781,240)</b>	<b>(59,946)</b>	<b>1,203 %</b>

#### ***For the years ended December 31, 2023 and 2024***

##### *Research and development expenses*

Research and development expenses decreased by £5,485 thousand, or 8%, from £65,373 thousand during the year ended December 31, 2023 to £59,888 during the year ended December 31, 2024.

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Spend on research and development components, parts and tooling decreased from £25,350 thousand during the year ended December 31, 2023 to £20,561 thousand during the year ended December 31, 2024. This decrease was primarily due to cost efficiencies delivered from the commencement of assembly of our third full-scale VX4 prototype resulting from it being identical to our completed second VX4 prototype, which commenced flight tests in July 2024.

Our number of employees dedicated to research and development activity has increased slightly from 217 to 226 individuals, and we have continued to invest in high quality engineering expertise. This has resulted in an increase in research and development staff costs from £23,830 thousand during the year ended December 31, 2023 to £27,148 thousand during the year ended December 31, 2024.

While we continue to leverage consultants to assist with our growth and development, we have invested in our in-house capabilities in relation to certain proprietary features of our aircraft, including our battery system and propeller design. This has resulted in a decrease to research and development consultancy costs from £16,193 thousand during the year ended December 31, 2023 to £12,179 thousand during the year ended December 31, 2024.

### *Administrative expenses*

Administrative expenses increased by £2,593 thousand, or 6%, from £40,818 thousand during the year ended December 31, 2023 to £43,411 during the year ended December 31, 2024.

Legal and financial advisory costs increased by £2,313 thousand, or 101%, from £2,296 thousand for the year ended December 31, 2023 to £4,609 thousand for the year ended December 31, 2024 resulting from legal and financial advisory services in relation to the negotiations of, and the transactions contemplated by, the SF Investment Agreement, the Investment Agreement, Partial Conversion, First Supplemental Indenture and Second Supplemental Indenture.

Consultancy costs increased by £1,047 thousand, or 55%, from £1,914 thousand for the year ended December 31, 2023 to £2,961 thousand for the year ended December 31, 2024 reflecting specialist external resource obtained at a senior level across human resources, supply chain and other enabling functions.

Marketing costs increased by £1,073 thousand, or 156%, from £688 thousand for the year ended December 31, 2023 to £1,761 thousand for the year ended December 31, 2024 resulting from executing our marketing and communications strategy, specifically at industry events including the Farnborough International Airshow.

Share based payment expenses decreased by £1,330 thousand, or 15%, from £8,816 thousand for the year ended December 31, 2023 to £7,486 thousand for the year ended December 31, 2024 reflecting a lower share price at the date of share awards during the year ended December 31, 2024 compared to the year ended December 31, 2023 in addition to the vesting profile of awards made in each respective year.

Please see note 6 to our consolidated financial statements included elsewhere in this Annual Report for more information on administrative expenses.

### *Related party administrative expenses*

Related party administrative expenses increased by £1,197 thousand, or 1,442% from £83 thousand for the year ended December 31, 2023 to £1,280 thousand for the year ended December 31, 2024 as a result of certain reimbursements and agreements arising from the Investment Agreement.

Please see Item 7.B. “*Related Party Transactions—Relationship with Mudrick Capital—Investment Agreement and Related Transactions*” and “*Related Party Transactions—Relationship with Stephen Fitzpatrick—Investment Agreement and Related Transactions*,” together with note 26 to our consolidated financial statements included elsewhere in this Annual Report for more information on related party transactions.

### *Other operating income*

Other operating income increased by £39,086 thousand, or 904%, from £4,326 thousand during the year ended December 31, 2023 to £43,412 during the year ended December 31, 2024.

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

R&D tax relief claimed under the UK Government RDEC scheme increased by £7,253 thousand, or 529%, from £1,370 thousand during the year ended December 31, 2023 to £8,623 thousand during the year ended December 31, 2024. Research and development tax relief supports companies that work on innovative projects in science and technology. HM Revenue & Customs administers two such tax relief schemes: one aimed at small and medium-sized enterprises (SME); and the R&D expenditure credit scheme (RDEC), aimed at large companies and other companies that aren't eligible for SME relief. The definition of a large company is based on staff, turnover and balance sheet measures, and includes that of any linked or partner companies. In some cases, the complexity of ownership structures and investment relationships may mean that it is not possible to determine with certainty if a relationship results in a linked or partner company. Management has concluded that whilst the Company itself does not meet the definition of a large company, it cannot, as at the date of this Annual Report, determine with certainty if any relationships exist that result in the presence of any linked or partner companies that would cause the Company to be defined as a large company. Absent of such certainty, the Company has recognized tax relief solely on the basis of the RDEC scheme.

Income from government grants increased from £2,956 thousand for the year ended December 31, 2023 to £6,870 thousand for year ended December 31, 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.

### *Net finance (costs)/income*

Net finance costs increased by £739,369 thousand, from £19,341 thousand net finance income for the year ended December 31, 2023 to £720,028 thousand net finance costs for the year ended December 31, 2024.

Total finance costs increased by £18,486 thousand, or 112%, from £16,460 thousand for the year ended December 31, 2023 to £34,946 thousand for the year ended December 31, 2024. This increase relates to fair value losses of £12,363 thousand recognized prior to the substantial modification of our Convertible Senior Secured Notes. This also reflects a foreign exchange loss of £5,174 thousand resulting from fluctuations in the USD to GBP exchange rate.

Total finance income decreased by £33,160 thousand, or 93% from £35,801 thousand for the year ended December 31, 2023 to £2,641 for the year ended December 31, 2024. Fair value gains on our Convertible Senior Secured Notes of £15,705 thousand were recognized during the year ended December 31, 2023 whereas fair value losses were recognized during the year ended December 31, 2024. Similarly, foreign exchange gains of £12,867 were recognized during the year ended December 31, 2023 whereas foreign exchange losses were recognized during the year ended December 31, 2024.

Related party finance costs increased by £687,723 thousand from £nil for the year ended December 31, 2023 to £687,723 thousand for the year ended December 31, 2024.

This reflects the substantial modification of the Convertible Senior Secured Notes that occurred on December 23, 2024, following our entry into the First Supplemental Indenture that set forth certain amendments to the terms of the Convertible Senior Secured Notes. It has been determined that, in accordance with IFRS 9, these amendments represent a substantial modification of the existing derivative financial liability and is therefore accounted for as an extinguishment of the original derivative financial instrument and the recognition of a new derivative financial liability recognized in profit or loss totaling £457,228 thousand (including £1,370 thousand of directly attributable transaction costs).

Following the execution of the First Supplemental Indenture, on December 23, 2024, the holders of the Convertible Senior Secured Notes delivered conversion notices to the Company for the conversion of half, or approximately \$130 million in principal amount, of the Convertible Senior Secured Notes at a fixed conversion price of \$2.75 per ordinary share, which resulted in the issuance of 47,343,585 ordinary shares with a market value of \$7.42 per ordinary share by the Company to the holders of the Convertible Senior Secured Notes.

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Option pricing has been utilized to calculate the probability that the embedded conversion options will be in the money at expiration and assign a dollar value to it. The underlying share price of the Company, exercise price, volatility, interest rate, and time to expiration have been used as inputs into the model to derive the option's theoretical fair value and a subsequent fair value movement of £230,495 thousand.

Please see note 23 to our consolidated financial statements included elsewhere in this Annual Report for more information on derivative financial liabilities.

### *Income tax credit*

Income tax credit decreased by £22,706 thousand, or 100% from £22,661 thousand for the year ended December 31, 2023 to a charge of £45 thousand for the year ended December 31, 2024. The year ended December 31, 2023 included £22,661 thousand received relating to eligible research and development expenditure claimed in relation to the SME scheme; whereas amounts reported for the year ended December 31, 2024 relate to solely to the RDEC scheme.

### **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 have been required beginning with our second annual report on Form 20-F in 2023, 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 December 31, 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 consolidated financial statements included elsewhere in this Annual Report for more information.

### **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.

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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 December 31, 2024, we had £22.5 million of cash and cash equivalents on hand. As of the date of this report, we had approximately £77 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 Annual Report. In accordance with our cash flow forecast, we currently project our cash outflows from operations for the 12 months following the date of this Annual Report to be approximately £100 million (after taking into account expected R&D tax receipts and grants of approximately £20 million), which will be used primarily to fund the creation and testing of the prototype aircraft, and to support the certification process. While we currently project that our existing resources will fund operations through 2025, we require additional capital to continue to be in a position to continue carry out our business plans prior to the commercialization of our aircraft. We require additional capital to continue to fund our ongoing operations beyond that point.

On December 20, 2024, we entered into the Investment Agreement, by and among the Company, VAGL, a wholly owned subsidiary of the Company, Imagination Aero, a company wholly owned by Mr. Fitzpatrick, and Mudrick Capital to fund up to \$50 million to the Company in its subsequent funding round, with \$25 million funded on a non-contingent basis, and a backstop commitment for an additional \$25 million to be funded by Mudrick Capital if the Company is not able to raise such amount in such funding round. We launched the funding round in January 2025 by way of the 2025 Offering, culminating in aggregate gross proceeds of \$90 million, before deducting underwriting discounts and commissions and other offering expenses, which amount included the \$25 million non-contingent funding commitment from Mudrick Capital.

We will need to secure additional capital to deliver on our business plan and to continue as a going concern. There can be no assurance that we will be able to obtain such investment on acceptable terms, or on necessary timelines, or at all, to provide sufficient funds to meet our ongoing funding requirements.

The inability to obtain future funding could impact our financial condition and ability to pursue our business strategies, including being required to delay, reduce or eliminate some of our research and development programs, or being unable to continue operations or to continue as a going concern. Our dependency on raising additional capital indicates 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 consolidated financial statements included elsewhere in this Annual Report.

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

- research and development expenses as we continue to develop our eVTOL aircraft;
- capital expenditures in the expansion of our testing and certification capacities;
- additional operating costs and capital expenditure 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.



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To date, we have received capital to fund our operations from a number of sources. 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 December 31, 2024 we had received \$8.5 million, and, subject to demand in the market for our ordinary shares, retain the option to receive additional funding (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."* On March 13, 2024, we received \$25 million in connection with the SF Investment. Effective May 22, 2024, we reached an agreement with Rolls-Royce to terminate the contract we had previously entered into with Rolls-Royce to develop an Electric Propulsion Unit (EPU). Under the termination agreement, we received a cash amount from Rolls-Royce in an amount equal to \$34 million. In January 2025, we received approximately \$83.9 million in connection with the 2025 Offering, net of underwriting discounts and commissions and other offering expenses. 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, from (including through third party arrangements) American Airlines, Avolon, Bristow, Iberojet, 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.

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 inflation rates, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability, including as a result of the implementation of tariffs under the new Trump administration and retaliatory tariffs by the targeted countries. 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 the Convertible Senior Secured Notes Subscription Agreement by and among the Company, Broadstone and Mudrick Capital. Concurrently with the consummation of the Business Combination, pursuant to the terms of the Convertible Senior Secured Notes Subscription Agreement, (i) Mudrick Capital 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 Mudrick Capital the Convertible Senior Secured Notes in consideration for the payment of the Purchase Price, and (ii) the Company issued to Mudrick Capital the Convertible Notes Warrants. On December 16, 2021, the Company, Broadstone and the Trustee entered into the Indenture governing the Convertible Senior Secured Notes.

As adjusted for the Reverse Share Split, the Convertible Senior Secured Notes were initially convertible into up to 1,818,182 ordinary shares (excluding any interest, and subject to adjustments as provided in the Indenture) at an initial conversion rate of 9.09091 ordinary shares per \$1,000 principal amount of Convertible Senior Secured Note, 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.

On December 23, 2024, the Company entered into the First Supplemental Indenture with the Trustee. The First Supplemental Indenture sets forth certain amendments to the Indenture, including: (i) increasing the interest rate applicable to the Convertible Senior Secured Notes to 10.00% per annum if we elect to pay interest in cash and 12.00% per annum if we elect to pay all incurred interest in-kind, and interest is paid semi-annually in arrears; (ii) extending the maturity date of the Convertible Senior Secured Notes to December 15, 2028, redeemable at any time by us, in whole but not in part, for cash, at par plus, if redeemed before the fourth anniversary of issuance, certain make-whole premiums as specified in the indenture governing the Convertible Senior Secured Notes; and (iii) providing for a fixed conversion price of \$2.75 per ordinary share for half of the principal amount of the Convertible Senior Secured Notes and \$3.50 per ordinary share for the other half. The Convertible Senior Secured Notes Subscription Agreement also contains other customary representations, warranties, covenants and agreements of the parties thereto.

Following the execution of the First Supplemental Indenture, the holders of the Convertible Senior Secured Notes delivered conversion notices to the Company for the conversion of half, or approximately \$130 million in principal amount, of the Convertible Senior Secured Notes at a fixed conversion price of \$2.75 per ordinary share, which resulted in the issuance of 47,343,585 ordinary shares by the Company to the holders of the Convertible Senior Secured Notes. As of February 14, 2025, a total of 37,198,531 ordinary shares are issuable upon exercise of the remaining outstanding principal amount of the Convertible Senior Secured Notes.

Upon the occurrence of a Fundamental Change (as defined in the Indenture), Mudrick Capital 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.

### ***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”), expiring in August 2025. 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 December 31, 2024, we had sold approximately 110,000 ordinary shares of the 2 million ordinary shares (as adjusted for the Reverse Share Split) registered for resale under the Equity Subscription Line at a weighted average share price of \$77.00, net of transaction costs.

### ***Aerospace Technology Institute (“ATI”) Grant Funding Program***

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 December 31, 2024, we have received approximately £4.6 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 December 31, 2024, we have received approximately £0.7 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. 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 December 31, 2024, we have received approximately £2.1 million of the UKRI grant.

### ***2025 Offering***

On January 24, 2025, we closed the 2025 Offering, consisting of 15,000,000 Units, with each Unit consisting of (i) one ordinary share, (ii) one-half of one Tranche A Warrant, and (iii) one-half of one Tranche B Warrant. The 2025 Offering culminated in aggregate gross proceeds of \$90 million, before deducting underwriting discounts and commissions and other offering expenses.

As of February 14, 2025, 7,500,000 Tranche A Warrants and 7,500,000 Tranche B Warrants were issued and outstanding. Each whole Tranche A Warrant entitles the holder thereof to purchase one Company ordinary share at an exercise price of \$6.00 per share, is immediately exercisable as of its issuance and will expire at 5:00 p.m. New York City time on the earliest to occur of: (i) the satisfaction of both of the following conditions: (a) we successfully demonstrate a wing-borne flight of our VX4 prototype aircraft, which involves the aircraft (1) taking off as a Conventional Take-Off and Landing aircraft, (2) flying to high speed with lift generated by the wing and the tilt propellers facing forward, and (3) landing safely as a CTOL aircraft from such flight (the “Performance Condition”) and (b) the 10-day volume weighted average price of the ordinary shares as reported by Bloomberg Financial Markets commencing on the trading day immediately following the initial public disclosure by means of a press release or Form 6-K or equivalent form furnished to the SEC of the satisfaction of the Performance Condition is equal to, or greater than, one hundred and three percent (103%) of the Tranche A Warrant Price, the 30th calendar day following the date of the Initial Public Disclosure, and (ii) the five-year anniversary of the initial date of issuance. Each whole Tranche B Warrant entitles the holder thereof to purchase one Company ordinary shares at an exercise price of \$7.50 per share, is immediately exercisable as of its issuance and will expire at 5:00 p.m. New York City time on the five-year anniversary of the initial date of issuance.

### ***SF Investment***

On February 22, 2024, we entered into the SF Investment Agreement with Imagination Aero, a company wholly owned by Stephen Fitzpatrick, 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 (with 10 such warrants exercisable for one ordinary share of the Company), 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.

On December 20, 2024, the Company entered into the Investment Agreement, pursuant to which all obligations under the SF Investment Agreement are deemed expired, including in respect of the funding commitment thereunder regarding a second tranche of \$25 million, with such obligations being replaced by the right for Stephen Fitzpatrick to a 12-month option to invest up to \$25 million in ordinary shares of the Company at a strike price equal to the per share purchase price paid by investors in the 2025 Offering.

### ***Rolls-Royce Settlement Agreement***

Effective May 22, 2024, we entered into an agreement with Rolls-Royce to terminate the contract we had previously entered into with Rolls-Royce to develop an Electric Propulsion Unit (EPU). Pursuant to the termination 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. In connection with the termination agreement, Rolls-Royce transferred to the Company its ordinary shares in the Company, which Rolls-Royce acquired from the Company in a private investment transaction in 2021.

### ***Outstanding Warrants***

As of the date of this Annual Report, the following public and private warrants of the Company were issued and outstanding:

- 15,264,935 public warrants issued on December 16, 2021 in exchange for public warrants of Broadstone Acquisition Corp. in connection with the Company's business combination therewith, with 10 such warrants exercisable for one ordinary share of the Company at an exercise price of \$115.00;
- 2,625,000 private Initial Virgin Atlantic Warrants issued on December 16, 2021 to Virgin Atlantic pursuant to the Virgin Atlantic Warrant Instrument, with 10 such warrants exercisable for one ordinary share of the Company at an exercise price of \$100.00;
- 4,000,000 private Convertible Notes Warrants issued on December 16, 2021 to Mudrick Capital pursuant to the warrant agreement, dated December 16, 2021, between the Company and Continental Stock Transfer & Trust Company, as warrant agent, with 10 such warrants exercisable for one ordinary share of the Company at an exercise price of \$115.00;
- 50,000,000 private SF Warrants issued on March 13, 2024 to Stephen Fitzpatrick pursuant to the SF Warrant Instrument, with 10 such warrants exercisable for one ordinary share of the Company at an exercise price of \$50.00;
- 7,500,000 public Tranche A Warrants issued on January 24, 2025 in connection with the 2025 Offering, with each such warrant exercisable for one ordinary share of the Company at an exercise price of \$6.00; and
- 7,500,000 public Tranche B Warrants issued on January 24, 2025 in connection with the 2025 Offering, with each such warrant exercisable for one ordinary share of the Company at an exercise price of \$7.50.

There is a considerable range in the exercise price of the aforementioned public and private warrants, in particular when taking into consideration the Reverse Share Split. The exercise price of all of the Company's issued and outstanding warrants currently remains above the recent trends in the price of our ordinary shares. Assuming the exercise in full for cash of all of the Company's issued and outstanding warrants, the Company would receive an aggregate of approximately \$599 million from the exercise of warrants. The holders of the respective warrants are not obligated to exercise any or all of their warrants, and there is no assurance that they will elect to do so. So long as the price of our ordinary shares remains below the applicable exercise price of the respective warrants, holders of our warrants will be unlikely to exercise their warrants.

## Cash Flows

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

	Year Ended December 31,	
	2024	2023
	(in £ thousands)	
Net cash used in operating activities	(46,293)	(74,700)
Net cash from investing activities	1,734	61,380
Net cash from financing activities	18,765	169

### *Net cash used in operating activities*

Net cash used in operating activities decreased by £28,407 thousand, or 38%, from £74,700 thousand for the year ended December 31, 2023 to £46,293 thousand for the year ended December 31, 2024. This decrease was primarily due to a cash payment received from Rolls-Royce for an amount equal to \$34 million in relation to the termination of the contract with Rolls-Royce to develop an Electric Propulsion Unit (EPU).

### *Net cash from investing activities*

Net cash from investing activities decreased by £59,646 thousand, or 97%, from £61,380 thousand used in the year ended December 31, 2023 to £1,734 thousand generated during the year ended December 31, 2024. This decrease was primarily due to the maturity of short-term deposits in the prior year.

### *Net cash from financing activities*

Net cash from financing activities increased by £18,596 thousand, from £169 thousand for the year ended December 31, 2023 to £18,765 thousand for the year ended December 31, 2024. This increase primarily reflects proceeds from the SF Investment for an amount equaling \$25 million, received in 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 December 31, 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 contractual maturities of financial liabilities, refer to note 25 Financial risk management and impairment of financial assets to our consolidated financial statements included elsewhere in this Annual Report. For information regarding our lease obligations, refer to note 17 Leases to our consolidated financial statements included elsewhere in this Annual Report.

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

For a discussion of our research and development policies, see “*Research and Development*” in note 6 to our consolidated financial statements included elsewhere in this Annual Report.

### **D. Trend Information**

Other than as disclosed elsewhere in this Annual Report, we are not aware of any trends, uncertainties, demands, commitments or events since December 31, 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 judgements and key sources of estimation uncertainty, to our consolidated financial statements included elsewhere in this Annual Report.

## Item 6. Directors, Senior Management and Employees

### A. Directors and Senior Management

The following table presents information about our current executive officers, senior management members and board members, including their ages as of the date of this Annual Report:

Name	Age	Position
<i>Executive Officers</i>		
Stuart Simpson	57	Chief Executive Officer and Board Member
John Maloney	43	Interim Principal Financial and Accounting Officer
<i>Other Senior Management</i>		
Michael Cervenka	49	Chief Commercial and Strategy Officer
Charlotte Cowley	49	Director of Strategic Finance
David King	59	Chief Engineer
Limhi Somerville	38	Engineering Director
<i>Board Members</i>		
Dómhnaí Slattery	58	Chairman
Stephen Welch	51	Board Member
Kathy Cassidy	71	Board Member
Gur Kimchi	56	Board Member
Ben Story	56	Board Member

Unless otherwise indicated, the current business addresses for our executive officers and the members of our board of directors is c/o Vertical Aerospace Ltd., Unit 1 Camwal Court, Chapel Street, Bristol BS2 0UW, United Kingdom.

#### *Executive Officers*

The following is a brief summary of the business experience of our executive officers.

*Stuart Simpson* has served as a member of our board of directors since November 2024 and our Chief Executive Officer since May 2024, after previously serving as our Chief Financial Officer since September 2023. Prior to joining the Company, Mr. Simpson served as the Group Chief Financial Officer at Avast, a FTSE 100 company. Previously, Mr. Simpson held the roles of Interim Chief Executive Officer, Chief Financial Officer and Chief Operating Officer at Royal Mail, also a FTSE 100 company. Mr. Simpson has a long history in the automotive industry, working for General Motors and Rolls-Royce and Bentley Motor Car Company.

*John Maloney* is Finance & IT Director and currently serving as our interim Principal Financial Officer and interim Principal Account Officer, having joined the Company in July 2021. Prior to joining Vertical, Mr. Maloney spent 16 years at Vodafone, the multinational telecommunications company, serving in various Finance & Technology leadership roles, across the U.K., Europe, and India, culminating in the role of Commercial Finance Director, from September 2019 to July 2021. Mr. Maloney holds a Bachelor of Science in Economics, Banking and Finance from Cardiff University. Mr. Maloney is also a Chartered Accountant.

### **Other Senior Management**

*Michael Cervenka* has served as our Chief Commercial & Strategy Officer since November 2024 and has been on our management team since June 2019. Prior to joining the Company, Mr. Cervenka spent 20 years at Rolls-Royce plc serving in a number of roles including Head of Future Business Technologies, Program Lead (Civil Large Engine Cost Transformation Program) and Chief Development Engineer (Civil Large Fleet Engines). Mr. Cervenka participated in the Executive Leadership Program at the Tuck School of Business at Dartmouth from 2018 to 2019. Mr. Cervenka also holds a Bachelor of Engineering (First Honors) in Aeronautical Engineering from Bristol University. Mr. Cervenka is a Chartered Engineer, a Fellow of the Royal Aeronautical Society and Member of the Institute of Mechanical Engineers.

*Charlotte Cowley* has served as our Director of Strategic Finance since June 2024. Mrs. Cowley previously led Investor Relations for Burberry Group plc, a FTSE 100 constituent, and Aston Martin Lagonda plc, in the FTSE 250. There, she facilitated multiple complex financing transactions, successfully raising significant new funding for the business. Mrs. Cowley has over 20 years' capital markets experience through her roles in investor relations and investment banking, in equity research at Credit Suisse and corporate broking at UBS. Mrs. Cowley holds a Masters in Engineering from Cambridge University.

*David King* has served as our Chief Engineer since February 2023. Prior to joining the Company, Mr. King spent thirty years in senior roles at Leonardo, Bell and Boeing. Mr. King's last role at Leonardo was as Chief Engineer on the AW609, set to be the first new category aircraft to be certified in over 50 years. Mr. King was also Chief Engineer at Bell and launched its commercial helicopter design and certification project, the Bell 525. Mr. King holds a Bachelor of Science in Mechanical Engineering from Lehigh University and a Master of Science in Aeronautics & Astronautics from the Massachusetts Institute of Technology.

*Dr Limhi Somerville* has served as our Engineering Director since November 2024. Dr Somerville has been with Vertical since May 2019 and previously led our battery and most recently powertrain departments. From 2019 to 2024 he also chaired the EUROCAE WG-112 Electrical working group. Dr Somerville previously worked at Jaguar Land Rover and Argonne National Laboratory. He holds a doctoral degree in engineering from Warwick University.

### **Board Members**

The following is a brief summary of the business experience of our non-executive board members.

*Dómhnal Slattery* serves as a member of our board of directors and its chair since January 2025, after previously serving as its Chairman from January 2022 to August 2023. Mr. Slattery is one the world's leading aircraft leasing pioneers having founded and led Avolon and SMBC Aviation – which are ranked as two of the top three aircraft leasing companies in the world. Mr. Slattery has extensive leadership and understanding of the global aviation sector, with the businesses he has founded and built having collectively raised and deployed over \$75 billion in capital. He is currently the Chairman of Clahane Capital, his private investment platform. Mr. Slattery has been widely recognized for his exceptional contributions to the aviation industry, earning accolades such as being the recipient of the 2023 International Society of Transport Aircraft Trading (ISTAT) Award and in 2016 the “Outstanding Contribution to the Aviation Industry” award at the Aviation Industry Awards. Mr. Slattery has a Bachelor of Commerce from University College Galway and is a graduate of the Accelerated Development Programme from the London Business School.

*Stephen Welch* has served as a member of our board of directors since September 2024 and served as its chairman from November 2024 to January 2025. He has over 30 years' experience working for financial sponsors and investors at the Executive, Chair or non-executive director level and comes with extensive capital raise, investment strategy and refinancing experience across several sectors including energy, media, insurance, infrastructure, and technology globally. Mr. Welch has held board seats on various companies and previously has also been a partner at McGrath Nicol (a former division of KPMG) and a Senior Managing Director at FTI Consulting.

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*Kathy Cassidy* has served as a member of our board of directors since December 2021. Since 2015, Ms. Cassidy has been a board member for the Goldman Sachs Mutual Funds Complex, where she oversees more than 100 of Goldman’s registered funds. She also sits on the Audit Committee and the Governance and Compliance Committees for the Goldman Sachs Mutual Funds Complex. Ms. Cassidy previously served for thirty years at General Electric in a variety of executive positions, including serving as Senior Vice President and Treasurer for both GE and GE Capital prior to her retirement in 2015. Prior to her time at GE Treasury, Ms. Cassidy held executive leadership positions in Strategic Ventures & Mexico in GE Capital Real Estate, and prior to this, she built the Real Estate Capital Markets Business. Earlier in her career, she served as the CFO for several of GE Capital’s Business Divisions. Ms. Cassidy also served on the GE Capital Board and the GE Corporate Executive Council for ten years. Ms. Cassidy previously served on the University of Connecticut Foundation Board and the S&P Corporate Advisory Board, and she has been a noted speaker at numerous events, symposiums and forums. For more than ten years, Ms. Cassidy served on the board of BuildOn, a not-for-profit, global organization focused on building schools in seven of the most impoverished nations in the world and working with numerous large cities on after-school youth leadership programs in some of the most challenging school districts in the United States. Ms. Cassidy holds both an MBA from Fordham University as well as a B.A. in Economics from the University of Connecticut.

*Gur Kimchi* has served as a member of our board of directors since December 2021. Mr. Kimchi currently sits on the board of directors for several privately held companies, including Ascent Aerosystems since November 2020. Mr. Kimchi served as Vice President at Amazon.com, Inc. from 2012 to 2020, where he co-founded the Amazon Prime Air delivery-by-drone project and led the organization to its FAA certification as a Part 135 commercial airline. Prior to Amazon, Mr. Kimchi served in a number of different roles at Microsoft where he was integral in the development of key technologies including Virtual Earth & Bing Maps, Contextual & Geosocial search, Cloud Infrastructure, Augmented and Virtual Reality, and Enterprise Communications. Mr. Kimchi is a founding member of the Federal Aviation Administration Drone Advisory Committee and worked in collaboration with the FAA, SESAR, NASA, and ICAO on the development of the Federated Airspace Management Architecture, enabling the safe integration of Unmanned Aircraft Systems and Urban Air Mobility into the airspace around the world.

*Ben Story* has served as a member of Vertical Aerospace’s board of directors since April 2024. Mr. Story is a Senior Adviser at Sustainable Development Capital LLP, a leading investor in sustainable energy solutions. From 2016 to 2021, Mr. Story was a member of the Executive Leadership Team at Rolls-Royce Holdings plc (“Rolls-Royce”), the aero-engine manufacturer. At Rolls-Royce, Mr. Story was responsible for strategy and business development, M&A, government relations and external funding, external and internal communications, customer services and digitalization. Mr. Story oversaw Rolls-Royce’s new sustainability strategy and sponsored the establishment of five new businesses, including Rolls-Royce Electrical and Rolls-Royce Small Modular Reactors. From 2016 to 2023, Mr. Story was a Board Member of Transport for London (“TfL”), which is responsible for all public transportation and major roads in London, as well as all taxis and private hire licensing. At TfL, Mr. Story chaired the Programmes and Investment Committee, which is responsible for TfL’s £2 billion annual capital expenditure program. During his tenure, Mr. Story oversaw the commissioning of the £19 billion Elizabeth Line, which now carries over 220 million passengers each year. Before joining Rolls-Royce, Mr. Story was an investment banker for 26 years, culminating in the role of Head of UK Investment Banking at Citigroup. As an investment banker, Mr. Story advised many of the world’s leading aerospace and defense, automotive, capital goods and transportation companies.

## **B. Compensation**

### **Executive Officer and Board Member Compensation**

Our policies with respect to the compensation of our executive officers are administered by our board of directors in consultation with our compensation committee (as described under “—C. Board Practices—Compensation Committee”). The compensation decisions regarding the Company’s executives are based on the Company’s need to retain those individuals who continue to perform at or above our expectations and to attract individuals with the skills necessary for us to achieve our business plan. We intend to be competitive with other similarly situated companies in the industry.

Equity-based compensation is, and is expected to be, an important foundation in executive compensation packages. We believe that equity-based compensation can be an important component of the total executive compensation package for maximizing shareholder value while, at the same time, attracting, motivating and retaining high quality executives.



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In connection with his role as a member of our board of directors and as an executive officer, both as the Chief Financial Officer for the period of September 2023 through May 2024 and as our Chief Executive Officer since May 2024, Stuart Simpson receives a combination of cash and equity compensation. For the period in which Stephen Fitzpatrick served as an executive officer, he did not receive any compensation. John Maloney, for his role as our interim Principal Financial Officer and interim Principal Accounting Officer, receives a combination of cash and equity compensation. Our compensation committee is charged with reviewing our executive officers' cash and equity compensation to determine whether they provide adequate incentives and motivation to executive officers and whether they adequately compensate the executive officers relative to comparable officers in other companies. In addition to the guidance provided by our compensation committee, we may utilize the services of third parties from time to time in connection with the hiring and compensation awarded to executive employees. This could include subscriptions to executive compensation surveys and other databases.

Dómhnaí Slattery will receive a combination of cash and equity compensation for his service as a member and chairman of our board of directors. Kathy Cassidy, Gur Kimchi, and Ben Story also receive a combination of cash and equity compensation for their services as members of our board of directors. For the period in which he served as a member and chairman of our board of directors, Michael Flewitt received a combination of cash and equity compensation. For the period in which he served as a member of our board of directors from September 2024 through January 2025, Vincent Casey did not receive any compensation for such service. For the period in which he served as a member of our board of directors, Mr. Fitzpatrick did not receive any compensation for his service as a member of our board of directors.

For the period during 2024 in which he served as a member and chairman of our board of directors, Stephen Welch received cash compensation. Pursuant to a remuneration arrangement between Mr. Fitzpatrick and Mr. Welch, a portion of Mr. Welch's compensation for his services rendered as a member and chairman of our board of directors was paid by Mr. Fitzpatrick (the "Remuneration Agreement"). On December 20, 2024, the Company agreed to reimburse Mr. Fitzpatrick for all documented fees and expenses incurred up to the date of the Partial Conversion of Convertible Senior Secured Notes in connection with Mr. Welch's position on the Board, subject to a cap of \$75 thousand (£60 thousand). In January 2025, Mr. Fitzpatrick and Mr. Welch agreed to terminate the Remuneration Agreement and the Company agreed to waive the cap to settle all outstanding compensation. Since January 2025, as a current member of our board of directors, Mr. Welch receives from the Company a combination of cash and equity compensation for his service, commensurate with our other independent, non-executive directors.

Our compensation committee will consider adopting formal or informal policies or guidelines for allocating compensation between long-term and currently paid out compensation, between cash and equity compensation, or among different forms of compensation. The Company also reimburses our executive officers and directors for all reasonable actual and documented costs and expenses relating to fulfilling their responsibilities, in accordance with the Company's expense reimbursement policies, as in effect from time to time.

For the fiscal year ended December 31, 2024, the aggregate cash compensation paid by the Company to its executive officers was £848 thousand and the aggregate cash compensation paid by the Company to its non-executive directors was £608 thousand. For grants of options to our executive officers and directors under our 2021 Incentive Award Plan, see "*—Incentive Programs—2021 Incentive Award Plan—Options Granted under the 2021 Incentive Plan.*" We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors.

## **Incentive Programs**

### ***EMI Option Agreements***

#### *Overview*

Certain employees of the Company or its subsidiaries were granted options under option agreements (the "EMI Option Agreements") which, where permitted, are intended to be tax qualifying enterprise management incentive options under Schedule 5 of the UK Income Tax (Earnings and Pensions) Act 2003 ("ITEPA"). The purpose of the EMI Option Agreements was to grant options to recruit or retain eligible employees.

#### *Summary of the EMI Option Agreements*

This section summarizes certain principal features of the EMI Option Agreements. The summary is qualified in its entirety by reference to the complete text of the form of EMI Option Agreement attached as Exhibit 4.4 to this Annual Report.

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*Authorized Shares.* 2,193,988 ordinary shares were reserved for issuance pursuant to options granted under the EMI Option Agreements. To the extent that any options granted under the EMI Option Agreements would cause the individual limit specified in paragraph 5 or 6 of Schedule 5 ITEPA to be exceeded, the number of ordinary shares which exceeds the individual limit will form part of a non-qualifying stock option.

*Awards.* The EMI Option Agreements provide for options to be granted over ordinary shares. Share options are rights to purchase ordinary shares at a specified price (the exercise price). The options granted are intended to be EMI Options and are subject to specific restrictions and limitations set out in Schedule 5 ITEPA. Among such restrictions, EMI Options must have an exercise price of not less than the fair market value of an ordinary share on the date of grant. EMI Options will only be granted to eligible employees (employees who work at least 25 hours per week or, if less, 75% of their working time and do not hold a material interest in the company), and will not be exercisable after a period of ten (10) years measured from the date of grant. EMI Options are also subject to individual (a limit of no more than £250,000 (as at the date of grant) worth of shares subject to EMI and CSOP options granted within a three year period) and aggregate (a company limit of no more than £3,000,000 (as at the date of grant) worth of shares (valued at the respective times of grant) subject to unexercised EMI options) limits under paragraphs 5 to 7 (inclusive) of Schedule 5 ITEPA. The options granted under the EMI Option Agreements have been granted pursuant to certain time and performance based vesting conditions.

*Transferability of Awards.* Subject to any rights of the participant to exercise the option following the participant's death, the options granted pursuant to the EMI Option Agreements are personal to the participant and will not be capable of being transferred, assigned or charged.

*Amendment and Termination.* Our board of directors may amend the EMI Option Agreements by resolution provided that (i) no alteration will be effective to cancel or alter adversely any subsisting rights of the participant unless such alteration is made with the prior written consent of the participant; and (ii) no amendment will have effect if it would prevent an option from satisfying the provisions of Schedule 5 ITEPA. Our board of directors may amend the EMI Option Agreements without participant consent, as they consider necessary or desirable in order to make them more effective or easier to administer, comply with or take account of the provisions of any proposed or existing legislation, to take account of any takeover, listing or sale of the Company or to maintain favorable tax or regulatory treatment for the Company or the participant.

*Adjustment of Awards.* In the event of any variation of the Company's share capital (which includes any variation in the share capital of the Company arising from any reduction, sub-division, consolidation of capital or issue of shares by way of capitalization of profits or reserves or by way of rights or demerger or any other variation of share capital of the Company on any distribution in specie or any special dividend) the EMI Agreements provide that the number or nominal value of the Shares comprised in the Option and/or the exercise price may be adjusted in such manner as the board of directors may deem appropriate provided that no material increase will be made to the aggregate exercise price in respect of the option. Notice of any adjustments will be given in writing to the participants. On September 20, 2024, in connection with the Reverse Share Split, all existing awards were consolidated at a ratio of 1 for 10.

*Rights as a Shareholder.* A participant will not have any rights as a shareholder as to the shares covered by an option until the holder becomes the record owner of such shares.

*Administration.* The compensation committee of our board of directors will administer the options granted under the EMI Option Agreements, delegating to management, as appropriate. The decision of the board of directors in relation to any dispute or question affecting the participant or as to any rights or obligations pursuant to the EMI Option Agreements or in relation to their construction or effect will be final and conclusive.

### *Options Granted Under the EMI Option Agreements*

As of December 31, 2024, no EMI Options were issued, exercised or held by executive officers and directors of the Company.

## **2021 Incentive Award Plan**

### *Overview*

The 2021 Incentive Award Plan (the “2021 Incentive Plan” or the “Plan”) was adopted by the Company’s board of directors on December 9, 2021 and the Company’s shareholders on December 14, 2021. The 2021 Incentive Plan was later amended and restated by the Compensation Committee on January 27, 2023. On September 16, 2024, at the annual general meeting of shareholders, the shareholders of the Company approved by ordinary resolution, to amend the Plan to reflect a proportional decrease in the number of ordinary shares permitted to be issued under the Plan to reflect the Reverse Share Split, with any resulting fractional shares to be rounded down to the nearest whole share.

The 2021 Incentive Plan provides for the grant of share options, conditional awards and/or phantom awards in order to facilitate the grant of cash and equity incentives to its directors, employees (including executive officers) and consultants and its affiliates and to enable it and certain of its affiliates to obtain and retain services of these individuals, which is essential to our long-term success.

### *Purpose of the 2021 Incentive Plan*

The purpose of the 2021 Incentive Plan is to attract, retain and motivate selected employees, consultants and directors through the granting of share-based compensation awards, including without limitation, options, conditional awards, and phantom awards. These may be granted in the form of tax-advantaged awards in certain jurisdictions. We believe that grants of incentive awards are necessary to enable us to attract and retain top talent.

### *Summary of the 2021 Incentive Plan*

This section summarizes certain principal features of the 2021 Incentive Plan. The summary is qualified in its entirety by reference to the complete text of the 2021 Incentive Plan.

*Authorized Shares.* Under the 2021 Incentive Plan, the number of shares reserved for issuance will automatically increase on January 1 of each calendar year from January 1, 2022 through January 1, 2031, by that number of shares equal to the lesser of (i) 5% of the shares of all of the classes of the Company’s ordinary shares outstanding (on an as-converted basis) on the last day of the immediately preceding fiscal year and (ii) such smaller number of shares as determined by the board of directors of the Company, with the number of shares reserved for issuance having been consolidated at a ratio of 1 for 10 as of September 20, 2024 in connection with the Reverse Share Split. The sum of the grant date fair value of equity-based awards and the amount of any cash-based awards granted to a non-employee director during any calendar year shall not exceed \$500,000, unless determined by the Board. The shares covered by the 2021 Incentive Plan may be authorized but unissued shares, treasury shares or shares purchased in the open market. As of February 14, 2025, the number of ordinary shares either issued or reserved for issuance under the 2021 Incentive Plan was 6,674,723.

The following counting provisions will be in effect for the share reserve under the 2021 Incentive Plan:

- to the extent that an award is forfeited, expires, is converted to shares of another person in connection with a recapitalization, reorganization, merger, consolidation, split-up, combination, exchange of shares, spin-off or other similar event, or an award is settled for cash (in whole or in part), any shares subject to the award at such time will be available for future grants of awards under the 2021 Incentive Plan;
- Shares tendered in payment of the exercise price of an option or to satisfy any tax withholding obligation with respect to any award will be available for future grants under the 2021 Incentive Plan;
- to the extent that shares awarded under the 2021 Incentive Plan are purchased on the open market by the Company with the cash proceeds received from the exercise of options, such shares will be available for future grants under the 2021 Incentive Plan;
- the payment of dividend equivalents in cash in conjunction with any outstanding awards will not be counted against the shares available for issuance under the 2021 Incentive Plan; and

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- to the extent permitted by applicable law or any exchange rule, shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form of combination by the Company or any of its affiliates will not be counted against the shares available for issuance under Plan, except as may be required by reason of Section 422 of the Code.

*Administration.* Our board of directors, the compensation committee of our board of directors, or another committee authorized by it (the “administrator”) will administer the 2021 Incentive Plan, delegating to management, as appropriate. All decisions of the administrator in connection with the 2021 Incentive Plan and its interpretation and the terms of any awards (including in any dispute) will be final and conclusive. The 2021 Incentive Plan provides that our board of directors may delegate any and all of its rights and powers under the 2021 Incentive Plan.

*Eligibility.* The 2021 Incentive Plan provides that awards may be granted to individuals who will then be officers, employees or consultants of the Company or any of the Company’s affiliates. The 2021 Incentive Plan further provides that such awards may also be granted to directors of the Company. The administrator determines which of such officers, employees, consultants and directors will be granted awards. No person is entitled to participate in the 2021 Incentive Plan as a matter of right. Only those officers, employees, consultants and directors who are selected to receive grants by the administrator may participate in the 2021 Incentive Plan. Participants are not required to pay money in order to receive awards under the 2021 Incentive Plan, but may be required to pay an exercise price in order to receive the shares underlying their awards.

*Awards Available for Grant.* The 2021 Incentive Plan provides that the administrator may grant or issue options, conditional awards, or phantom awards. Such awards may be granted in a form that is tax-advantageous in certain jurisdictions. Each award will be set forth in a separate agreement with the person receiving the award and will indicate the award date, the award type, the number of shares of stock subject to the award, the vesting date, in the case of an option the exercise period and any amount payable to exercise the option, any performance conditions, details of any other conditions, whether dividend equivalents will apply, details of any holding period and whether the participant may be required to enter into any election for a particular tax treatment. Vesting provisions require certain conditions to be met, such as continued employment or specified performance goals, before a participant may receive the shares underlying an award or before such shares become freely tradeable and nonforfeitable.

*Share Options.* Share options are rights to purchase shares at a specified price, if applicable (the exercise price).

Options usually will become exercisable (at the discretion of the administrator) in one or more installments after the grant date, subject to the participant’s continued employment or service with the Company or one of its subsidiaries and/or subject to the satisfaction of performance and/or other conditions established by the administrator. The 2021 Incentive Plan provides that options may be granted for any term specified by the administrator that does not exceed ten (10) years from the date of stockholder approval of the 2021 Incentive Plan.

Options may be exercised only by delivering (1) a written notice of exercise in a form approved by the administrator (which may be electronic) complying with the applicable rules established by the administrator, (2) such representations and documents as the administrator, in its sole discretion, deems necessary or advisable, (3) in the event the option is exercised by a person other than the participant, appropriate proof of the right of such person or persons to exercise the option, as determined in the sole discretion of the administrator, and (4) full payment of any exercise price (if applicable) and applicable withholding taxes in the manner permitted by the administrator in accordance with the 2021 Incentive Plan. Additional instructions for exercising share options will be provided separately. Unless otherwise specified by the administrator or as otherwise directed by a participant in writing to the Company, vested options shall be automatically exercised on the last day of their term.

The 2021 Incentive Plan allows for the grant of options as U.S. tax-advantaged incentive share options (“ISOs”), but only to employees of the Company and certain subsidiaries. ISOs will be designed in a manner intended to comply with the provisions of Section 422 of the Code and will be subject to specified restrictions contained in the Code. Among such restrictions, ISOs will have an exercise price of not less than the fair market value of a Share on the date of grant. ISOs will only be granted to employees, and will not be exercisable after a period of ten (10) years measured from the date of grant. In the case of an ISO granted to an individual who owns (or is deemed to own) at least 10% of the total combined voting power of all classes of the Company’s share capital, the 2021 Incentive Plan provides that the exercise price must be at least 110% of the fair market value of a Share on the date of grant and that the ISO must not be exercisable after a period of five (5) years measured from the date of the grant. Following the exercise of an ISO, a holder must give the Company notice of any disposition of Shares acquired by exercise of an ISO within (a) two years from the date of grant of the ISO or (b) one year after the transfer to the holder of the shares subject to the ISO.

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*CSOP.* The 2021 Incentive Plan allows for the grant of options as UK tax-advantaged “company share options” (“CSOP”), but only to employees of the Company. CSOP awards will be designed in a manner intended to comply with the provisions of Schedule 4 to ITEPA and will be subject to specified restrictions contained in that Act.

Among such restrictions, CSOP awards may only be granted so that the total market value at grant of shares subject to the CSOP award does not exceed £60,000 (£30,000 for CSOPs granted before April 6, 2023). In addition, the CSOP award must be held for a period of 3 years in order to qualify for the relevant CSOP tax treatment. The Company may also impose additional conditions.

*Conditional Awards.* Conditional awards may be awarded to any eligible individual selected by the administrator, typically without payment of consideration, but subject to vesting conditions based on continued employment or service. Vesting may also be subject to performance and/or other conditions. At the time of grant, the administrator will specify the vesting date for each grant of conditional awards. As soon as practicable following the vesting date, the shares underlying the conditional awards or, in the sole discretion of the administrator, an equivalent amount of cash or a combination of cash and shares, will be transferred to the holder. Recipients of conditional awards generally will have no voting or dividends rights until the shares are transferred; provided, however, the administrator may include a right to receive dividend equivalents on conditional awards.

*Macron Awards.* The 2021 Incentive Plan allows for the grant of nil-cost conditional share awards as French tax-advantaged “Macron” awards, but only to employees and officers of a French group member who is taxable in France and/or subject to the French social security regime. Macron awards will be designed in a manner intended to comply with the French Commercial Code (the “French Code”), and will be subject to specified restrictions contained in the Code.

Among such restrictions, the Macron awards must be granted for no consideration, and the Macron awards must be held for a period of at least 2 years in order to qualify for such tax treatment afforded under the French Code.

*SIP Awards.* The 2021 Incentive Plan allows for the grant of free shares and dividend shares as UK tax-advantaged “free share awards” and “dividend shares” (“SIP”), but only to UK resident taxpayer employees of a qualifying company. If the administrator elects to grant SIP awards, such awards will be designed in a manner intended to comply with the provisions of Schedule 2 to ITEPA and will be subject to specified restrictions contained in ITEPA.

Among such restrictions, the value of free share awards granted to eligible employees may not exceed £3,600 in any tax year. In addition, free share awards must be held in a UK trust on behalf of individuals and must be held for a period of between 3 and 5 years to receive the qualifying tax treatment. Dividend shares must be held for a period of 3 years to qualify for such tax treatment afforded under ITEPA.

*Phantom Awards.* The administrator may grant phantom awards, being a conditional right granted under the 2021 Incentive Plan to receive a cash sum linked to the value of a number of notional shares. Subject to the terms of the 2021 Incentive Plan, the administrator will determine the terms and conditions of each such award, including the term of the award, any exercise or purchase price, performance and/or other conditions, transfer restrictions, vesting conditions and other terms and conditions.

*Dividend Equivalents.* Awards may be granted subject to dividend equivalents, based on dividends declared on the shares, to be credited as of dividend payment dates during the period between the date the dividend equivalents are granted to a holder and vesting or exercise, as applicable. The 2021 Incentive Plan provides that dividend equivalents may be settled in cash or shares and at such times as determined by the administrator. Dividend equivalents with respect to an award will only be paid to the holder to the extent that the vesting conditions are subsequently satisfied and the award vests.

*Overriding Discretion.* The board of directors may reduce (including to zero) the extent to which an award will vest if it considers the extent of vesting would not otherwise be appropriate, including when considering:

- the wider performance of the Company group;
- the conduct, capability or performance of the participant;
- the experience of stakeholders;
- any windfall gains;

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- the total value that would otherwise be received by the participant compared to the maximum value that the award was intended to deliver; or
- any other reason at the discretion of the board of directors.

*Investigations.* If an investigation is ongoing that might lead to malus and/or clawback being triggered in relation to a participant's award, then, unless the board of directors decide otherwise:

- the award will not vest;
- if it is an option, exercise will be suspended; and
- where relevant, the award will not be settled,

until the investigation is concluded.

*Dealing Restrictions.* If any dealing restrictions would prohibit the exercise of an option, delivering or arranging delivery of stock or cash to settle an award and/or the participant from selling stock, including if required to discharge tax, then:

- any exercise will take effect as soon as practicable after the dealing restrictions cease to apply;
- if an exercise period would otherwise end before the dealing restrictions cease to apply, it will be extended to end 30 days after the dealing restrictions to apply; and
- the delivery of stock or cash to settle an award will not occur until the dealing restrictions cease to apply,

unless the board of directors decides otherwise.

*Holding Period.* An award may be granted subject to a holding period following the date of vesting or exercise. If a holding period applies, the stock generally may not be transferred, assigned or otherwise disposed of during the holding period.

*Leaving.* Where a participant leaves before vesting the award will lapse on the date the participant leaves. If a participant leaves after vesting, in the case of an option, the option will be exercisable for a period of 6 months (12 in the case of the participant's death) from the date the participant leaves (or such longer period as the board of directors decides) and will then lapse, unless otherwise determined by the board of directors.

*Adjustment of Awards.* In the event of a variation in the issued stock capital of Company, stock dividend or distribution, or any other transaction which the board of directors decides will materially affect the value of the stock the 2021 Incentive Plan provides that the administrator may make equitable adjustments, if any, to reflect such change with respect to:

- the aggregate number and kind of shares that may be issued under the 2021 Incentive Plan, including adjustments to limits on the maximum number of shares that may be issued;
- the number and kind of shares (or other securities and property) subject to outstanding awards;
- the terms and conditions of outstanding awards (including without limitation, any applicable performance targets or criteria with respect to such awards);
- the grant or exercise price per share for any outstanding awards; and
- the number and kind of shares (or other securities or property) for which automatic grants are subsequently to be made to new and continuing non-employee directors in accordance with any non-employee director equity compensation policy.

If the board of directors determines that an adjustment of an award is not practicable or appropriate, then it may determine that an award will vest on such terms as it determines.

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On September 20, 2024, in connection with the Reverse Share Split, all existing awards were consolidated at a ratio of 1 for 10.

*Corporate events*

*Change of Control.* Where a person obtains control of the Company as a result of making an offer to acquire stock, any awards which would vest, if applicable, in the 12 months following such change of control will vest on such date as the board of directors determines, unless otherwise determined by the board of directors. Such awards will vest:

- to the extent that the board of directors determines any applicable conditions have been satisfied, unless the board of directors determines otherwise; and
- the board of directors will have discretion to take into account any other factors it believes to be relevant in determining the extent to which an award will vest in the circumstances,

and to the extent the award does not vest it will lapse. Where an option vests or was already vested it will be exercisable for a period of 6 months, or such other period as the board of directors decides, from the relevant event and then will lapse.

*Schemes of arrangement and winding up.* Where a court sanctions a compromise or arrangement in connection with the acquisition of stock, or a voluntary liquidation of the Company commences, or an order is made for the winding up of the Company, awards will vest on such date as the board of directors determines unless otherwise determined by the board of directors. Such awards will vest:

- to the extent that the board of directors determines any applicable conditions have been satisfied, unless the board of directors determines otherwise; and
- the board of directors will have discretion to take into account any other factors it believes to be relevant in determining the extent to which an award will vest in the circumstances,

and to the extent the award does not vest it will lapse. Where an option vests or was already vested it will be exercisable for a period of 6 months, or such other period as the board of directors decides, from the relevant event and then will lapse.

*Exchange of Awards.* Where a change of control or scheme of arrangement is expected to or does apply, or in connection with an internal reorganization, the board of directors may decide that awards will be exchanged for new awards, subject to the consent of the acquiring company, on the relevant event.

*No Rights as Employee.* Nothing in the 2021 Incentive Plan or in any award agreement forms part of a participant's contract of employment or alters it, if applicable. The rights and obligations arising from any employment or former employment relationship are separate from, and are not affected by, the 2021 Incentive Plan. Participation in the 2021 Incentive Plan does not create any right to, or expectation of, employment.

*Transferability of Awards.* Awards are not transferable and a participant's award will lapse if the participant transfers, assigns, charges or otherwise disposes of the award or any of the rights in respect of it, whether voluntarily or involuntarily (other than to that participant's personal representatives on death).

*Mobile Participants.* If a participant moves from one jurisdiction to another or becomes tax resident in a different jurisdiction and, as a result, there may be adverse legal, regulatory, tax or administrative consequences for the participant and/or a member of the group in connection with an award then the board of directors may adjust that participant's award so that the award is on such terms, subject to such conditions and over such stock as the board of directors may consider appropriate.

*Certain Restrictions on Resale.* If the participant is not considered the Company's "affiliate," as defined under the Securities Act, he or she may resell the shares acquired under the 2021 Incentive Plan without restriction. If the participant is considered the Company's "affiliate," which is likely if he or she is an officer, director or significant shareholder of the Company, he or she may resell such shares in compliance with the requirements of Rule 144 under the Securities Act without registration; however, the participant will be subject to the volume limitation restrictions set forth in Rule 144 under the Securities Act.

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If, however, the participant is aware of material inside information regarding the Company or any aspect of the Company's business, the participant cannot lawfully sell Shares, whether purchased through the 2021 Incentive Plan or otherwise, before the information has been disseminated by the Company to the public. Generally, "material inside information" is information that is both important to the Company (e.g., would likely impact the Company's share price) and nonpublic (not yet disclosed through press releases, newspaper articles or otherwise to the public which buys and sells securities).

*Tax Withholding.* The Company may: (i) withhold such amounts from a participant and retain some or all of it; (ii) sell some or all of the shares to which a participant is entitled under the 2021 Incentive Plan on behalf of the participant; (iii) allow the participant to deliver a written or electronic notice for a market sell order with a broker with instructions for the broker to pay a sufficient portion of the net proceeds to the Company to satisfy any tax withholding; (iv) reduce some of the shares to which the participant is entitled under the 2021 Incentive Plan on behalf of the participant or make such other withholding arrangements as it considers necessary or desirable to meet any liability for taxation, to collect any outstanding exercise price and to meet any applicable dealing and/or currency exchange costs and other associated costs.

*Malus and Clawback.* We believe in maintaining a culture of focused, diligent and responsible management that discourages conduct detrimental to our growth. Consistent with that belief, our board of directors has adopted a "malus and clawback" policy to provide the board of directors with the discretion to recover cash incentives, equity awards or other compensation of at-fault employees.

Under the 2021 Incentive Plan, all awards (including any proceeds, gains or other economic benefit actually or constructively received by a participant upon any receipt or exercise of an award or upon the receipt or resale of any shares underlying the award) shall be subject to the Company's Malus and Clawback Policy, as amended from time to time, including any provisions adopted to comply with the requirements of applicable law (including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act).

*Changing the Plan and Termination.* The 2021 Incentive Plan provides that the board of directors or the compensation committee, as applicable, may change the 2021 Incentive Plan at any time and from time to time; provided that, no change of the 2021 Incentive Plan shall generally, without the consent of the holder, materially and adversely affect any rights or obligations under any award theretofore granted or awarded. If a proposed change would be to the material disadvantage of one or more participants in respect of existing rights under the 2021 Incentive Plan, then the board of directors will obtain the written consent of the affected participant or will invite each disadvantaged participant to indicate whether or not they approve the change and the majority of the participants who were invited and who make an indication approve the change. The board of directors does not need participant consent for any minor changes which are to: (i) benefit the administration of the 2021 Incentive Plan, (ii) comply with or take account of a change in legislation; and/or (iii) obtain or maintain favorable tax, exchange control or regulatory treatment of any member of the Company group or any present or future participant.

The 2021 Incentive Plan will generally require the Company to obtain shareholder approval to: (i) increase the limits imposed on the maximum number of shares available under the 2021 Incentive Plan, (ii) reduce the price per share of any outstanding option, (iii) in some circumstances, the cancellation of any option in exchange for cash or another award, or (iv) make any change which requires shareholder approval under applicable laws, including the rules of the New York Stock Exchange.

*Expiration Date.* The 2021 Incentive Plan will expire on, and no award will be granted pursuant to the 2021 Incentive Plan after December 14, 2031 (or such earlier date the Board decides). Any award that will be outstanding on the expiration date of the 2021 Incentive Plan will remain in force according to the terms of the 2021 Incentive Plan and the applicable award agreement.



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*Awards Granted Under the 2021 Incentive Plan*

The following executive officers and directors of the Company held awards (both vested and unvested) as of December 31, 2024:

<b>Participant</b>	<b>Total Number of Shares/Options</b>	<b>Final Vesting Date</b>	<b>Number of Shares/Options Outstanding as of 12/31/2024</b>
Kathy Cassidy	23,363	Fully Vested	14,017
Gur Kimchi	23,363	Fully Vested	14,017
Ben Story	11,574	Fully Vested	11,574
Mike Flewitt	36,332	Fully Vested	31,756
Stuart Simpson <sup>(1)</sup>	1,595,035	March 31, 2028	1,595,035
John Maloney <sup>(2)</sup>	1,593	Fully Vested	1,593
	10,086	June 30, 2026	10,086
	1,200	December 31, 2026	1,200

- (1) Vesting commences six months after the grant date and occurs quarterly on a straight-line basis in equal tranches until the options are fully vested. The options expire at the end of the day before the tenth anniversary of the grant date. Stuart Simpson holds an anti-dilution agreement with the Company, pursuant to which, subject to Mr. Simpson's continued employment as Chief Executive Officer of the Company, if his award represents less than 2.4% of the Company's issued and outstanding ordinary shares (excluding Earn Out Shares), the Company will grant further nil-cost options such that Mr. Simpson's award, when fully vested, (excluding any sold, transferred or other disposed shares) remains 2.4% of the Company's then issued and outstanding ordinary shares. This arrangement persists until December 31, 2026, or December 31, 2028 solely to the extent that the event triggering the dilution, between January 1, 2027 and December 31, 2028, arises from the conversion of the Convertible Senior Secured Notes.
- (2) Vesting commences one year after the grant date and occurs quarterly on a straight-line basis in equal tranches until the options are fully vested. The options expire at the end of the day before the tenth anniversary of the grant date.

**Recovery of Erroneously Awarded Compensation**

In October 2023, the Company adopted a Recovery of Erroneously Awarded Compensation Policy requiring that in the event of an accounting restatement (due to the material noncompliance of the Company with any financial reporting requirement under securities laws) any compensation subject to the attainment of financial reporting measures received during the three fiscal years preceding such restatement must be recovered from current and former executive officers.

**Insurance and Indemnification**

Insofar as indemnification of liabilities arising under the Securities Act may be permitted to executive officers and board members or persons controlling us pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

**C. Board Practices**

***Board of Directors***

Our Articles provide that the Board shall consist of up to seven directors (but not less than one director), unless increased or decreased from time to time by the directors or the Company in a general meeting, and the Board shall consist of a majority of independent directors. Our board of directors currently consists of six directors, four of whom, Stephen Welch, Kathy Cassidy, Gur Kimchi and Ben Story, qualify as independent directors as defined in the NYSE listing requirements. Dómhnaíl Slattery, who serves as the chairman of the board of directors, and Stuart Simpson, who is the Company's Chief Executive Officer, do not qualify as independent directors as defined in the NYSE listing requirements.

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Pursuant to the Articles, so long as Mudrick Capital beneficially owns at least 10% of the Company's issued and outstanding ordinary shares, Mudrick Capital shall be entitled to nominate for election a number of individuals to serve as directors on the Board proportionate in number (rounded to the nearest whole number) to its percentage of beneficial ownership in the issued and outstanding ordinary shares (each an "Appointed Director" upon effectiveness of their appointment). Dómhnaíl Slattery was appointed to the Board as an Appointed Director.

The nominating and corporate governance committee of the board of directors shall review each independent Appointed Director candidate proposed by Mudrick Capital for fitness and, if deemed fit for service, recommend the individual for election by a majority vote of the board of directors. If deemed fit by Mudrick Capital (applying, in good faith, the criteria established by the nominating and governance committee), non-independent Appointed Directors will be recommended by the nominated and governance committee for election by a majority vote of the board of directors.

Director positions other than for an Appointed Director (each such director, a "General Director") may be filled by the affirmative vote of a simple majority of the remaining directors present and voting at a meeting of the board of directors.

Pursuant to the Articles, so long as Mr. Fitzpatrick beneficially owns at least 3% of the Company's issued and outstanding ordinary shares, Mr. Fitzpatrick shall be entitled to serve as a General Director on the Board. On January 30, 2025, Mr. Fitzpatrick provided notice to the Board of his resignation as a General Director of the Board, effective immediately. As of the date of this Annual Report, Mr. Fitzpatrick no longer serves as a director on the Board. For such period as Mr. Fitzpatrick retains the right to serve as General Director of the Board, the maximum number of Appointed Directors shall be capped at six.

A director may be removed from office for cause by an ordinary resolution at a general meeting of the shareholders, or any director other than Mr. Fitzpatrick may be removed from office without cause by ordinary resolution of the members. The Articles set out the specific circumstances where cause may arise. Other than in respect of Appointed Directors who are independent directors, Mudrick Capital may remove any Appointed Director, with or without cause, by delivering notice to the Company.

Each director shall hold office until the expiration of his or her term, until his or her successor shall have been duly appointed (in respect of an Appointed Director) or duly elected and qualified (in respect of a General Director), or until his or her earlier death, resignation, removal or disqualification.

Subject to declaring the nature of their interest to the Company, a director may vote in respect of any contract or proposed contract or arrangement notwithstanding that he/she may be interested therein and if he/she does so, his/her vote shall be counted and he/she may be counted in the quorum at any meeting of the directors at which any such contract or proposed contract or arrangement is considered. Our board of directors may exercise all of the powers to borrow money, to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock or other securities whenever money is borrowed or as security for any of our debt, liability or obligation or of any third party. None of our directors has a service contract with us that provides for benefits upon termination of service as a director.

### ***Duties of Board Members and Conflicts of Interest***

Under Cayman Islands law, directors and officers owe the following fiduciary duties:

- duty to act in good faith in what the director or officer believes to be in the best interests of the company as a whole;
- duty to exercise powers for the purposes for which those powers were conferred and not for a collateral purpose;
- directors should not improperly fetter the exercise of future discretion;
- duty to exercise powers fairly as between different sections of shareholders;
- duty not to put themselves in a position in which there is a conflict between their duty to the company and their personal interests; and
- duty to exercise independent judgment.

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In addition to the above, directors also owe a duty of care which is not fiduciary in nature. This duty has been defined as a requirement to act as a reasonably diligent person having both the general knowledge, skill and experience that may reasonably be expected of a person carrying out the same functions as are carried out by that director in relation to the company and the general knowledge skill and experience of that director.

As set out above, directors have a duty not to put themselves in a position of conflict and this includes a duty not to engage in self dealing, or to otherwise benefit as a result of their position. However, in some instances what would otherwise be a breach of this duty can be forgiven and/or authorized in advance by the shareholders provided that there is full disclosure by the directors. This can be done by way of permission granted in the Articles or alternatively by shareholder approval at general meetings.

### **Audit Committee**

The audit committee, which consists of Kathy Cassidy and Ben Story, assists the board in overseeing our accounting and financial reporting processes and the audits of our financial statements. Kathy Cassidy serves as chair of the committee. Pursuant to our Articles, the audit committee shall comprise only independent directors. For as long as Mudrick Capital directly or indirectly holds greater than 10% of our ordinary shares issued and outstanding, and to the extent permitted by the rules and regulations of the NYSE, the SEC and/or any other competent regulatory authority and under applicable law, Mudrick Capital may designate a number of Appointed Director(s) proportionate to its share ownership percentage to serve on the audit committee until such time as Mudrick Capital requests that they be removed from the audit committee or replaced, or such Appointed Director resigns from the audit committee.

The audit committee consists exclusively of members of our board who are financially literate, and Kathy Cassidy is considered an “audit committee financial expert” as defined by the SEC. Our board has determined that Kathy Cassidy and Ben Story satisfy the “independence” requirements set forth in Rule 10A-3 under the Exchange Act. The audit committee is governed by a charter that is available on our investor relations website at [investor.vertical-aerospace.com](http://investor.vertical-aerospace.com). The information contained on our website is not incorporated by reference in this Annual Report.

The audit committee is responsible for, among other things:

- retaining and terminating our independent auditors;
- pre-approving audit and non-audit services to be provided by the independent auditors and related fees and terms;
- overseeing our accounting and financial reporting processes;
- overseeing audits of financial statements;
- preparing report with respect to the audited financial statements for inclusion in our annual reports;
- reviewing with management and the independent auditor its annual audited financial statements prior to filing to the SEC;
- assessing annually the independence of the auditor and the auditor’s internal quality control procedures;
- discussing with the independent auditor any audit problems or difficulties and resolving disagreements between management and the independent auditor regarding financial reporting;
- discussing our policies with respect to risk assessment and risk management;
- establishing procedures for the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls or auditing matters; and
- designing and implementing our internal audit function and overseeing the internal audit function after its establishment.

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The audit committee meets at least once during each fiscal quarter. The audit committee meets separately, periodically, with management, with the independent auditor, with the personnel primarily responsible for the design and implementation of the internal controls, and with the internal auditor.

### **Compensation Committee**

The compensation committee, which consists of Ben Story and Kathy Cassidy, assists the board in determining executive officer compensation. Ben Story serves as chairman of the committee. Pursuant to our Articles, unless as permitted by the rules and regulations of the NYSE, as is the case for the Company by virtue of its status as a foreign private issuer following home country corporate governance practices in accordance with Cayman Islands laws and regulations, the compensation committee shall comprise at least two directors, and a majority of its members shall be independent directors. For as long as Mudrick Capital directly or indirectly holds greater than 10% of our ordinary shares issued and outstanding, and to the extent permitted by the rules and regulations of the NYSE, the SEC and/or any other competent regulatory authority and under applicable law, Mudrick Capital may designate a number of Appointed Director(s) proportionate to its share ownership percentage to serve on the compensation committee until such time as Mudrick Capital requests that they be removed from the compensation committee or replaced, or such Appointed Director resigns from the compensation committee.

The compensation committee is governed by a charter that is available on our investor relations website at [investor.vertical-aerospace.com](http://investor.vertical-aerospace.com). The information contained on our website is not incorporated by reference in this Annual Report.

The compensation committee is responsible for, among other things:

- identifying, reviewing and approving corporate goals and objectives relevant to the compensation of our Chief Executive Officer and evaluating the Chief Executive Officer's performance in light of these objectives and goals;
- reviewing and setting or making recommendations to the board of directors regarding compensation for our other executive officers;
- reviewing and making recommending to the Board regarding director compensation;
- reviewing and approving or making recommendations to the board of directors regarding our incentive compensation plans.

### **Nominating and Corporate Governance Committee**

The nominating and corporate governance committee, which consists of Dómhnaíl Slattery, assists our board of directors in identifying individuals qualified to become members of our board consistent with criteria established by our board and in developing our corporate governance principles. Dómhnaíl Slattery, serves as chairman of the committee. Pursuant to our Articles, unless as permitted by the rules and regulations of the NYSE, as is the case for the Company by virtue of its status as a foreign private issuer following home country corporate governance practices in accordance with Cayman Islands laws and regulations, the nominating and corporate governance committee shall comprise at least two directors, and a majority of its members shall be independent directors. For as long as Mudrick Capital directly or indirectly holds greater than 10% of our ordinary shares issued and outstanding, and to the extent permitted by the rules and regulations of the NYSE, the SEC and/or any other competent regulatory authority and under applicable law, Mudrick Capital may designate a number of Appointed Director(s) proportionate to its share ownership percentage to serve on the nominating and corporate governance committee until such time as Mudrick Capital requests that they be removed from the nominating and corporate governance committee or replaced, or such Appointed Director resigns from the nominating and corporate governance committee.

The nominating and corporate governance committee is governed by a charter that is available on our investor relations website at [investor.vertical-aerospace.com](http://investor.vertical-aerospace.com). The information contained on our website is not incorporated by reference in this Annual Report.

The nominating and corporate governance committee is responsible for, among other things:

- identifying and recommending to the board of directors for its approval nominees for election of directors;

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- reviewing annually the board committee structure and recommending to the board of directors for its approval directors to serve as members of each committee;
- overseeing annual self-evaluations of the board of directors and management; and
- reviewing and reassessing the adequacy of corporate governance guidelines and recommending proposed changes to the board of directors for approval.

### Certification Committee

The certification committee, which consists of Gur Kimchi, assists our board of directors in its oversight of the successful and timely achievement of regulatory certification of the VX4 aircraft and provides guidance to our senior engineering personnel. Gur Kimchi serves as the chairman of the committee. For as long as Mudrick Capital directly or indirectly holds greater than 10% of our ordinary shares issued and outstanding, and to the extent permitted by the rules and regulations of the NYSE, the SEC and/or any other competent regulatory authority and under applicable law, Mudrick Capital may designate a number of Appointed Director(s) proportionate to its share ownership percentage to serve on the certification committee until such time as Mudrick Capital requests that they be removed from the certification committee or replaced, or such Appointed Director resigns from the certification committee.

Our board of directors has adopted a certification committee charter setting forth the responsibilities of the committee. The members of the certification committee are appointed, and may be removed, by the board of directors with or without cause.

### D. Employees

As of December 31, 2024, we had 359 employees, including one intern employee and 8 fixed term contract employees, reflecting an increase from 306 employees as of December 31, 2023. The majority of our employees are based in the United Kingdom.

The table below sets out the number of employees by category:

<b>Department</b>	<b>As of December 31, 2024</b>
Production, supply chain and operations	55
Finance	12
Engineering (including Innovation management and research and development)	226
Commercial and Marketing	8
Other <sup>(1)</sup>	58
<b>Total</b>	<b>359</b>

(1) Other includes IT, employees in our facilities (as described below), quality and human resources, among others.

The table below sets out the number of employees by location (country):

<b>Country</b>	<b>As of December 31, 2024</b>
UK	353
Singapore	2
France	4
<b>Total</b>	<b>359</b>

In line with industry standards in the country of employment, our employees maintain a range of relationships with union groups, although none of our employees are represented by a recognized labor union.

We have never experienced labor related work stoppages or strikes and believe that our relations with our employees are satisfactory.

**E. Share Ownership**

For information regarding the share ownership of directors and officers, see Item 7.A. “*Major Shareholders and Related Party Transactions—Major Shareholders.*” For information as to our equity incentive plans, see Item 6.B. “*Directors, Senior Management and Employees—Compensation—Incentive Programs.*”

**F. Disclosure of a Registrant’s Action to Recover Erroneously Awarded Compensation**

The Company was not required to prepare an accounting restatement during or after the last completed fiscal year.

**Item 7. Major Shareholders and Related Party Transactions**

**A. Major Shareholders**

The following table sets forth information relating to the beneficial ownership of our ordinary shares as of February 14, 2025 by:

- each person, or group of affiliated persons, known by us to beneficially own 5% or more of our outstanding ordinary shares;
- each of our executive officers and our board of directors; and
- all of our executive officers and our board of directors as a group.

The number of ordinary shares beneficially owned by each entity, person, executive officer or board member is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, a person is a “beneficial owner” of a security if that person has or shares “voting power,” which includes the power to vote or to direct the voting of the security, or “investment power,” which includes the power to dispose of or to direct the disposition of the security or has the right to acquire such powers within 60 days. Except as otherwise indicated, and subject to applicable community property laws, we believe that all persons named in the table have sole voting and investment power with respect to all ordinary shares (of the applicable type) beneficially owned by that person.

Unless otherwise indicated below, the address for each beneficial owner listed is Vertical Aerospace Ltd., Unit 1 Camwal Court, Chapel Street, Bristol BS2 0UW, United Kingdom.

For further information regarding material transactions between us and principal shareholders, see Item 7.B. “*Major Shareholders and Related Party Transactions—Related Party Transactions.*”

Name of Beneficial Owner <sup>(1)</sup>	Number of Ordinary Shares	
	Amount and Nature of Beneficial Ownership	Percentage of Outstanding shares <sup>(2)</sup>
<i>5% or Greater Shareholders</i>		
Affiliates of Mudrick Capital Management L.P. <sup>(3)</sup>	93,274,116	73.8 %
Stephen Fitzpatrick <sup>(4)</sup>	20,486,923	22.8 %
Saba Capital Management, L.P.	8,332,000	9.4 %
<i>Directors and Named Executive Officers</i>		
Dómhnaí Slattery <sup>(5)</sup>	*	* %
Kathy Cassidy	*	* %
Gur Kimchi	*	* %
Benjamin Story	*	* %
Stephen Welch	*	* %
Stuart Simpson <sup>(6)</sup>	*	* %
John Maloney	*	* %
All executive officers and directors as a group (7 persons) <sup>(7)</sup>	743,811	0.9 %

\* Indicates beneficial ownership of less than 1% of the total outstanding ordinary shares.

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- (1) Except as otherwise indicated, and subject to applicable community property laws, we believe based on the information provided to us that the persons named in the table have sole voting and investment power with respect to all ordinary shares beneficially owned by them.
- (2) Percentage of outstanding shares is based on 84,552,721 of our ordinary shares, issued and outstanding as of February 14, 2025.
- (3) Based on information reported in a Schedule 13D/A filed on January 28, 2025 and other information known to the Company. Represents (i) 51,509,585 ordinary shares, (ii) 37,198,531 ordinary shares issuable upon conversion of the Convertible Senior Secured Notes, (iii) 400,000 ordinary shares issuable upon exercise of the Convertible Notes Warrants that are exercisable within 60 days of February 14, 2025, (iv) 2,083,000 ordinary shares issuable upon exercise of Tranche A Warrants that are exercisable within 60 days of February 14, 2025, and (v) 2,083,000 ordinary shares issuable upon exercise of Tranche B Warrants that are exercisable within 60 days of February 14, 2025, in each case, directly held by Mudrick Distressed Opportunity Fund Global, L.P., Mudrick Distressed Opportunity Drawdown Fund II, L.P., Mudrick Distressed Opportunity Drawdown Fund II SC, L.P., Mudrick Distressed Opportunity 2020 Dislocation Fund, L.P., Mudrick Distressed Opportunity SIF Master Fund, L.P., Mudrick Stressed Credit Master Fund, L.P., Mudrick Opportunity Co-Investment Fund, L.P., and certain accounts managed by Mudrick Capital Management, L.P. (collectively, the “Mudrick Funds”), in the aggregate. The table above excludes 22,090,277 ordinary shares representing the maximum number of Convertible Senior Secured PIK Shares that may still be issuable to certain funds, investors, entities or accounts that are managed, sponsored or advised by Mudrick Capital Management, L.P. or its affiliates pursuant to the Indenture and the First Supplemental Indenture. Jason Mudrick is the founder, general partner and Chief Investment Officer of Mudrick Capital Management, L.P. Mr. Mudrick, through Mudrick Capital Management, L.P., is responsible for the voting and investment decisions relating to such ordinary shares. Each of the aforementioned entities and individuals disclaims beneficial ownership of the ordinary shares held of record by any other entity or individual explicitly named in this footnote except to the extent of such entity or individual’s pecuniary interest therein, if any. The address of each of the entities and individuals explicitly named in this footnote is c/o Mudrick Capital Management, L.P., 527 Madison Avenue, 6<sup>th</sup> Floor, New York, NY 10022.
- (4) Based on information reported in a Schedule 13D/A filed on January 31, 2025 and other information known to the Company. Represents (i) 15,286,923 ordinary shares held by Mr. Fitzpatrick or over which Mr. Fitzpatrick has sole voting and investment power; (ii) 5,000,000 ordinary shares issuable upon exercise of 50,000,000 SF Warrants that are exercisable within 60 days of February 14, 2025 held by Imagination Aero, a wholly-owned entity of Mr. Fitzpatrick, and (iii) 200,000 ordinary shares held by Imagination Aero. Mr. Fitzpatrick is the sole managing member and beneficial owner of Imagination Aero.
- (5) Based on information provided to the Company, includes ordinary shares beneficially owned through Vizela 1 Limited and Maples Trustee Services (Cayman) Limited. Mr. Slattery’s engagement letter with the Company includes an anti-dilution provision, pursuant to which, subject to Mr. Slattery’s continued service as the chairman of the Board, if at any time during the four year vesting period, if his award represents less than 1% of the Company’s issued and outstanding ordinary shares (excluding Earn Out Shares), the Company will grant further nil-cost options such that Mr. Slattery’s award, when fully vested, (excluding any sold, transferred or other disposed shares) remains 1% of the Company’s then issued and outstanding ordinary shares. Vested shares are subject to a 12 month holding period from the date of vesting. Notwithstanding the terms of the Plan, all unvested shares will automatically vest upon a change in control.
- (6) Mr. Simpson’s holds an anti-dilution agreement with the Company, pursuant to which, subject to Mr. Simpson’s continued employment as Chief Executive Officer of the Company, if his award represents less than 2.4% of the Company’s issued and outstanding ordinary shares (excluding Earn Out Shares), the Company will grant further nil-cost options such that Mr. Simpson’s award, when fully vested, (excluding any sold, transferred or other disposed shares) remains 2.4% of the Company’s then issued and outstanding ordinary shares. This arrangement persists until December 31, 2026, or December 31, 2028, solely to the extent that the event triggering the dilution, between January 1, 2027 and December 31, 2028, arises from the conversion of the Convertible Senior Secured Notes.
- (7) Comprising (i) 142,583 ordinary shares held by executive officers and directors, and (ii) 601,228 ordinary shares underlying options, held by executive officers and directors that have vested or that will vest within 60 days of February 14, 2025.

The table above does not include the ordinary shares represented by the Virgin Atlantic Commercial Warrant Shares, the American Commercial Warrant Shares, and the Avolon Commercial Warrant Shares because these securities are not exercisable within 60 days of February 14, 2025.

## **Significant Changes in Ownership**

Pursuant to the Investment Agreement and First Supplemental Indenture, on December 23, 2024, Mudrick Capital converted half, or approximately \$130 million in principal amount, of the Convertible Senior Secured Notes into ordinary shares of the Company, whereupon Mudrick Capital (including funds, investors, entities or accounts that are managed, sponsored or advised by it or its affiliates) became our ultimate controlling party. Prior to such conversion, Mudrick Capital beneficially owned 10.7% of the Company's ordinary shares outstanding as of June 30, 2024, on the basis of shares issuable upon conversion of the Convertible Senior Secured Notes and exercise of Company warrants held by it, based on information reported in a Schedule 13D/A filed with the SEC on November 25, 2024. Following such conversion, Mudrick Capital (including funds, investors, entities or accounts that are managed, sponsored or advised by it or its affiliates) beneficially owned 79.3% of the Company's ordinary shares outstanding as of December 23, 2024, on the basis of shares held by Mudrick Capital, together with shares issuable upon conversion of the outstanding balance of the Convertible Senior Secured Notes and exercise of Company warrants held by it, based on information reported in a Schedule 13D/A filed with the SEC on December 26, 2024.

Prior to the aforementioned Mudrick Capital conversion, Stephen Fitzpatrick was our majority shareholder, beneficially owning 74.98% of the Company's ordinary shares outstanding as of June 30, 2024, on the basis of shares held by him and his affiliates, together with shares issuable upon exercise of warrants held by his affiliates, based on information reported in a Schedule 13D/A filed with the SEC on December 17, 2024. Following such conversion, Mr. Fitzpatrick's beneficial ownership (on an unchanged basis) represented 27.48% of the Company's ordinary shares outstanding as of December 23, 2024, based on information reported in a Schedule 13D/A filed with the SEC on December 26, 2024.

## **Difference in Voting Rights**

All of the Company's ordinary shares have the same voting rights and no major shareholder of the Company has different voting rights.

## **Securities Held in the Host Country**

Based on a review of the information provided to us by our transfer agent, as of February 14, 2025, there were 49 registered holders of our ordinary shares, 20 of which are United States registered holders (including Cede & Co., the nominee of the Depository Trust Company), holding approximately 24.8% of our outstanding ordinary shares. The number of record holders in the United States is not representative of the number of beneficial holders nor is it representative of where such beneficial holders are resident since many of these ordinary shares were held by brokers or other nominees.

## **Arrangements for Change in Control**

We are not aware of any arrangement that may, at a subsequent date, result in a change of control of the Company.

## **B. Related Party Transactions**

The following is a description of our related party transactions since January 1, 2022.

### ***Director and Officer Indemnification***

Our Articles provide for indemnification and advancement of expenses for our directors and officers to the fullest extent permitted under Cayman Islands laws, subject to certain limited exceptions. We have entered into indemnification agreements with each of our directors.

### ***Business Combination Lock-Up Agreements***

At the closing of the Business Combination, each of the VAGL Shareholders and the Sponsor entered into lock-up agreements with the Company.



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### *The VAGL Shareholder Lock-Up Agreement*

The VAGL Shareholder lock-up agreement contains certain restrictions on transfer with respect to certain ordinary shares received by the VAGL Shareholders pursuant to the Business Combination Agreement, which restrictions expired on December 16, 2024.

The VAGL Shareholder lock-up agreement also contains restrictions on voting rights, pre-emption rights, dividends and other rights as our shareholder, over Earn Out Shares, being 20% of the ordinary shares held by the VAGL Shareholders immediately following the Closing. Such restrictions in respect of the Earn Out Shares are released as to 50% on the date the closing price of ordinary shares equals or exceeds \$150.00 per share for any 20 trading days within any 30 trading day period and as to 50% on the date the closing price of ordinary shares equals or exceeds \$200.00 per share for any 20 trading days within any 30 trading day period. If such dates do not occur prior to the fifth year anniversary of the Closing then such ordinary shares will be forfeited and surrendered to us for cancellation and for nil consideration.

### *The Sponsor Lock-Up Agreement*

The Sponsor lock-up agreement contains certain restrictions on transfer with respect to certain Ordinary Shares received by the Sponsor pursuant to the Business Combination Agreement, which restrictions expired on December 16, 2024.

### ***Office Space Agreement with Imagination Industries Investments Limited***

VAGL entered into an office space agreement with Imagination Industries Investments Ltd (“i3”) on January 1, 2022, as amended, pursuant to which i3 agreed to provide a dedicated number of desk space at the United House office in London to Vertical. We paid i3 £130 thousand during the year ended December 31, 2024 for this office space. i3 is indirectly owned by Mr. Fitzpatrick (who, at the time of entry into the agreement, was our Chief Executive Officer, director and majority shareholder).

### ***Relationship with Mudrick Capital***

#### *Convertible Senior Secured Notes*

On October 26, 2021, we entered into the Convertible Senior Secured Notes Subscription Agreement with Mudrick Capital, pursuant to which, concurrently with the consummation of the Business Combination, (i) Mudrick Capital 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, and the Company issued and sold to Mudrick Capital the Convertible Senior Secured Notes in consideration for the payment of the Purchase Price, and (ii) the Company issued to Mudrick Capital 4,000,000 Convertible Notes Warrants (with 10 such warrants exercisable for one ordinary share of the Company).

As adjusted for the Reverse Share Split, the Convertible Senior Secured Notes were initially convertible into up to 1,818,182 ordinary shares (excluding any interest, and subject to adjustments as provided in the Indenture) at an initial conversion rate of 9.09091 ordinary shares per \$1,000 principal amount of Convertible Senior Secured Note, 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), then Mudrick Capital 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.

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On December 15, 2024, the Company entered into a forbearance agreement (the “Forbearance Agreement”), by and among the Company, VAGL, Mudrick Capital, Stephen Fitzpatrick and Imagination Aero, pursuant to which Mudrick Capital, as the sole holder of the Convertible Senior Secured Notes, committed to forbear from exercising its rights upon the occurrence of an event of default arising as a result of certain specified defaults or potential defaults under the Indenture. Additionally, the Forbearance Agreement includes support undertakings from Mudrick Capital in respect of the contemplated transactions memorialized in the Investment Agreement, as a well as a release of past, present and future claims against any of the other parties thereto relating to such transactions.

On December 23, 2024, the Company entered into the First Supplemental Indenture with the Trustee. The First Supplemental Indenture sets forth certain amendments to the Indenture, including: (i) increasing the interest rate applicable to the Convertible Senior Secured Notes to 10.00% per annum if we elect to pay interest in cash and 12.00% per annum if we elect to pay all incurred interest in-kind, and interest is paid semi-annually in arrears; (ii) extending the maturity date of the Convertible Senior Secured Notes to December 15, 2028, 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; and (iii) providing for a fixed conversion price of \$2.75 per ordinary share (or 363.636 ordinary shares per \$1,000 principal amount) for half of the principal amount of the Convertible Senior Secured Notes and \$3.50 per ordinary share (or 285.714 ordinary shares per \$1,000 principal amount) for the other half. The Convertible Senior Secured Notes Subscription Agreement also contains other customary representations, warranties, covenants and agreements of the parties thereto.

Following the execution of the First Supplemental Indenture, on December 23, 2024, the Partial Conversion occurred, wherein the holders of the Convertible Senior Secured Notes delivered conversion notices to the Company for the conversion of half, or approximately \$130 million in principal amount, of the Convertible Senior Secured Notes at a fixed conversion price of \$2.75 per ordinary share, which resulted in the issuance of 47,343,585 ordinary shares by the Company to the holders of the Convertible Senior Secured Notes. As of February 14, 2025 a total of 37,198,531 ordinary shares are issuable upon exercise of the remaining outstanding principal amount of the Convertible Senior Secured Notes.

Following the Partial Conversion, as contemplated by the Investment Agreement, Mudrick Capital executed a Waiver, dated as of the date of the Partial Conversion, granting waivers to the Company in respect of certain existing and potential defaults, as well as any events of default potentially resulting therefrom, under the Indenture, subject to certain terms and conditions specified therein.

Following the Partial Conversion, as contemplated by the Investment Agreement, the Company and VAGL entered into the Second Supplemental Indenture to the Indenture with the Trustee, pursuant to which VAGL became a guarantor of the Convertible Senior Secured Notes under the Indenture.

### *Investment Agreement and Related Transactions*

On December 20, 2024, the Company and, among others, Mudrick Capital entered into the Investment Agreement, pursuant to which Mudrick Capital committed to fund up to \$50 million to the Company in its subsequent funding round, with \$25 million funded on a non-contingent basis, and a backstop commitment for an additional \$25 million to be funded by Mudrick Capital if the Company is not able to raise such amount in such funding round. We launched the funding round in January 2025 by way of the 2025 Offering, culminating in aggregate gross proceeds of \$90 million, before deducting underwriting discounts and commissions and other offering expenses, with Mudrick Capital contributing \$25 million thereof.

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As contemplated by the Investment Agreement, the Company and Mudrick Capital entered into a lock-up agreement, dated as of the date of the Investment Agreement, containing certain restrictions on transfer with respect to all ordinary shares of the Company beneficially owned by Mudrick Capital until the earlier of the completion of the subsequent funding round of the Company and March 31, 2025. Such restrictions on transfer expired on January 24, 2025 in connection with the closing of the 2025 Offering, and were superseded by the lock-up entered into, among others, by the Company's 10% or greater shareholders (including Mudrick Capital) in connection with the 2025 Offering, as described below under "*—2025 Offering Officer/Director/Shareholder Lock-Ups.*"

In connection with the Partial Conversion, as contemplated by the Investment Agreement, the Company and Mudrick Capital entered into a registration rights agreement, dated as of the date of the Partial Conversion, pursuant to which the Company granted certain registration rights in respect of the ordinary shares issued under the Partial Conversion and the ordinary shares issuable in respect of the balance of the unconverted Convertible Senior Secured Notes together with any paid-in-kind interest that may accrue thereunder, to the extent not already registered under an effective registration statement of the Company (the "MC Registrable Shares"). On February 7, 2025, the Company filed a registration statement with the U.S. Securities and Exchange Commission registering all such MC Registrable Shares.

As set out in the Investment Agreement, the Company agreed to reimburse Mudrick Capital for the reasonable and documented fees, expenses and disbursements of legal counsel (including one firm of Cayman Islands counsel) incurred by Mudrick Capital in connection with (i) the transactions contemplated under the Investment Agreement, including, without limitation, (1) the structuring of the investment, (2) the negotiation, preparation of the Investment Agreement and the other transaction documents and (3) the consummation of the investment and (ii) the SF Investment Agreement and the evaluation of claims thereunder.

### *Governance Changes*

In connection with the Investment Agreement, our shareholders approved amendments to the Company's Articles, effective as of December 23, 2024, to, among other things:

- grant Mudrick Capital director nomination rights for a number of directors proportionate in number (rounded to the nearest whole number), on the basis of a Board consisting of seven directors, to its share ownership percentage so long as Mudrick Capital beneficially owns greater than 10% of the Company's issued and outstanding ordinary shares (each an "Appointed Director");
- provide that, other than in respect of an independent Appointed Director, Mudrick Capital may remove any Appointed Director by delivering notice to the Company; and
- provide that for so long as Mudrick Capital beneficially owns greater than 10% of the Company's issued and outstanding ordinary shares and it is permitted by applicable law and stock exchange rules, Mudrick Capital may designate a number of Appointed Director(s) proportionate to its share ownership percentage (rounded to the nearest whole number and with a minimum of one member) to serve on each of the Board's committees.

As contemplated by the Investment Agreement, the Company, Mudrick Capital, Stephen Fitzpatrick and Imagination Aero entered into the Shareholder Letter Agreement, dated December 23, 2024, setting forth, among other things, certain rights conferred upon Mudrick Capital by the Company, including:

- a pre-emptive right to maintain its ownership percentage of the Company for so long as Mudrick Capital and its affiliates maintain at least a 20% beneficial ownership position, with customary exclusions for acquisitions and issuances to employees and directors;
- a consent right in respect of any proposed adoption of any amendment to the Articles that, if adopted, will materially and adversely affect the rights of Mudrick Capital in respect of the appointment and removal of directors as set forth in the Articles; and
- a consent right in respect of any action to change the composition of the Board, other than in accordance with the Articles.

## ***Relationship with Stephen Fitzpatrick***

### *SF Investment Agreement and Related Transactions*

On February 22, 2024, we entered into the SF Investment Agreement with Imagination Aero, a company wholly owned by Stephen Fitzpatrick (who, at the time of entry, was our majority shareholder, Chief Executive Officer and a 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 (with 10 such warrants exercisable for one ordinary share of the Company), 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.

In connection with the SF Investment, the Company executed the SF Warrant Instrument, dated as of the closing of the initial investment under the SF Investment, setting forth the terms and conditions of the 50,000,000 SF Warrants issued to Imagination Aero, a company wholly owned by Mr. Fitzpatrick, in accordance with the terms of the Investment Agreement.

In connection with the SF Investment, the Company and Imagination Aero, a company wholly owned by Mr. Fitzpatrick, entered into a registration rights agreement, dated as of the closing of the initial investment under the SF Investment Agreement, pursuant to which the Company granted certain registration rights in respect of the ordinary shares issued and issuable pursuant to the SF Investment Agreement, and the ordinary shares issuable upon exercise of the SF Warrants issued pursuant to the SF Investment Agreement. On February 7, 2025, the Company filed a registration statement with the U.S. Securities and Exchange Commission registering all ordinary shares issued pursuant the SF Investment Agreement and all ordinary shares issuable upon exercise of the SF Warrants.

In connection with the SF Investment, the Company and Imagination Aero, a company wholly owned by Mr. Fitzpatrick, entered into a lock-up agreement, dated as of the closing of the initial investment under the SF Investment Agreement, containing certain restrictions on transfer with respect to the ordinary shares issued and issuable pursuant to the SF Investment Agreement, beginning at the date of issuance and ending 180 days thereafter. The restrictions on transfer in respect of the ordinary shares issued pursuant to the SF Investment Agreement on March 13, 2024 expired on September 9, 2024.

In connection with the SF Investment, our shareholders approved amendments to the Company's Articles, effective as of March 13, 2024, to grant Mr. Fitzpatrick, among other things, certain director appointment, removal and committee designation rights. Such rights granted to Mr. Fitzpatrick were subsequently removed from the Company's Articles in connection with the amendments thereto contemplated by the Investment Agreement and approved by our shareholders on, and effective as of, December 23, 2024.

Pursuant to an SF Reserved Matters Letter Agreement between the Company and Mr. Fitzpatrick dated as of the closing of the initial investment under the SF Investment Agreement, entered into in connection with the SF Investment, the Company granted to Mr. Fitzpatrick, among other things, certain consent and veto rights in respect of proposals to amend Mr. Fitzpatrick's director appointment and removal rights under the Articles, actions to increase the maximum number of directors permitted under the Articles, and Company issuances of securities that would reduce Mr. Fitzpatrick's shareholding below a majority stake in the Company. In connection with, and as contemplated by, the Investment Agreement, the SF Reserved Matters Letter Agreement was terminated on December 23, 2024.

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*Investment Agreement and Related Transactions*

On December 15, 2024, the Company and Stephen Fitzpatrick, among others, entered into the Forbearance Agreement, pursuant to which Mr. Fitzpatrick undertook to support the contemplated transactions memorialized in the Investment Agreement, as a well as to release any past, present and future claims against any of the other parties thereto relating to such transactions.

On December 20, 2024, the Company and, among others, Imagination Aero, a company wholly owned by Mr. Fitzpatrick, entered into the Investment Agreement. Pursuant to the Investment Agreement, all obligations under the SF Investment Agreement are deemed expired, including in respect of the funding commitment thereunder regarding a second tranche of \$25 million, with such obligations being replaced by the right for Mr. Fitzpatrick a 12-month option to invest up to \$25 million in ordinary shares of the Company at a strike price equal to the per share purchase price paid by investors in the 2025 Offering.

In connection with the Investment Agreement, the Company, Stephen Fitzpatrick and Imagination Aero, a company wholly owned by Mr. Fitzpatrick, entered into a lock-up agreement, dated as of the date of the Investment Agreement, containing certain restrictions on transfer with respect to all ordinary shares of the Company beneficially owned by Mr. Fitzpatrick until the earlier of the completion of the subsequent funding round of the Company and March 31, 2025. Such restrictions on transfer expired on January 24, 2025 in connection with the closing of the 2025 Offering, and were superseded by the lock-up entered into, among others, by each of the Company's directors (including Mr. Fitzpatrick) in connection with the 2025 Offering, as described below under "*—2025 Offering Officer/Director/Shareholder Lock-Ups.*"

In connection with the Investment Agreement, our shareholders approved amendments to the Company's Articles, effective as of December 23, 2024, to, among other things:

- entitle Mr. Fitzpatrick, so long as he beneficially owns at least 3% of the Company's issued and outstanding ordinary shares, to serve as a director on the Board; and
- provide that Mr. Fitzpatrick may only be removed from office by an ordinary resolution of the shareholders with cause.

Pursuant to the Shareholder Letter Agreement, as contemplated by the Investment Agreement, Mr. Fitzpatrick, among other things:

- was granted a pre-emptive right to maintain its ownership percentage of the Company for so long as Mr. Fitzpatrick and his affiliates maintain at least a 3% beneficial ownership position, with customary exclusions for acquisitions and issuances to employees and directors;
- is entitled to reimbursement by the Company of costs and expenses relating to his service as a director on the boards of the Company and VAGL, subject to an annual cap; and
- was granted a consent right in respect of any proposed adoption of any amendment to the Articles that, if adopted, will materially and adversely affect his rights to remain as a director on the boards of the Company and VAGL; and

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- is subject to a non-competition, non-solicitation, no-hire provision until 12 months following the date that he no longer has the right to hold a directorship position on the Board.

As set out in the Investment Agreement, the Company agreed to reimburse Mr. Fitzpatrick for the reasonable and documented fees, expenses and disbursements of legal counsel (including one firm of Cayman Islands counsel) incurred by Mr. Fitzpatrick in connection with (i) the transactions contemplated under the Investment Agreement, including, without limitation, (1) the structuring of the investment, (2) the negotiation, preparation of the Investment Agreement and the other transaction documents and (3) the consummation of the investment and (ii) the SF Investment Agreement and the evaluation of claims thereunder.

### ***2025 Offering Officer/Director/Shareholder Lock-Ups***

In connection with the 2025 Offering, each of the Company's executive officers, directors and 10% or greater shareholders (including Mudrick Capital and Mr. Fitzpatrick) agreed, for a period of 60 days after January 22, 2025, subject to certain exceptions, not to sell, offer to sell, contract or agree to sell, hypothecate, pledge, grant any option to purchase or otherwise dispose of or agree to dispose of any ordinary shares or other securities convertible into or exercisable or exchangeable for ordinary shares beneficially owned by each such person without the prior written consent of the underwriters to the 2025 Offering.

### ***Relationship with Stephen Welch***

Pursuant to the Remuneration Agreement, a portion of Stephen Welch's compensation for his services rendered as a member and chairman of our board of directors of the Company (including as a member of any committee of the Board) was paid by Stephen Fitzpatrick.

On December 20, 2024, the Company agreed to reimburse Stephen Fitzpatrick for all documented fees and expenses incurred up to the date of the Partial Conversion of the Convertible Senior Secured Notes in connection with Stephen Welch's position on the Board, subject to a cap of \$75 thousand (£60 thousand). In January 2025, Stephen Fitzpatrick and Stephen Welch agreed to terminate the Remuneration Agreement and the Company agreed to waive the cap to settle all outstanding compensation.

### **Policies and Procedures for Related Person Transactions**

Our board has adopted a written related party transaction policy to set forth the policies and procedures for the review and approval or ratification of related party transactions. Under our related party transaction policy, any related party transaction, including all relevant facts and circumstances, must be reviewed and approved or ratified by the audit committee. Such review shall assess whether if the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party, the extent of the related party's interest in the transaction and shall also take into account the conflicts of interest and/or corporate opportunity provisions of our organizational documents and Code of Business Conduct and Ethics and, where the related party involves a director or director nominee, whether the related party transaction will impair the director or director nominee's independence under the rules and regulations of the SEC and NYSE.

### **C. Interests of Experts and Counsel**

Not applicable.

## **Item 8. Financial Information**

### **A. Consolidated Statements and Other Financial Information**

#### *Consolidated Financial Statements*

See Item 18. "Financial Statements."

#### *Legal or Arbitration Proceedings*

From time to time, we may be involved in various claims and legal proceedings related to claims arising out of our operations. We are not currently a party to any material legal proceedings, including any such proceedings that are pending or threatened, of which we are aware.

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*Dividend Policy*

We have never declared or paid any cash dividend, and do not anticipate paying any dividends in the foreseeable future. We currently intend to retain future earnings, if any, to finance operations and expand our business. Our board of directors has sole discretion whether to pay dividends. If our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our directors may deem relevant.

In the year ended December 31, 2024, we did not declare or pay any dividends.

**B. Significant Changes**

None.

**Item 9. The Offer and Listing**

**A. Offer and Listing Details**

Our ordinary shares and warrants commenced trading on the NYSE on December 16, 2021. Prior to that date, there was no public trading market for our ordinary shares or warrants.

On November 15, 2024, the New York Stock Exchange (the “NYSE”) notified us, and publicly announced, that the NYSE determined to commence proceedings to delist the Company’s public warrants, ticker symbol “EVTW” (the “Public Warrants”), from the NYSE and that trading in the Public Warrants would be suspended immediately. The Public Warrants were issued in exchange for public warrants of Broadstone Acquisition Corp. in connection with the Company’s business combination therewith. The notice indicated that the NYSE has determined that the Public Warrants are no longer suitable for listing based on “abnormally low selling price” levels, pursuant to Section 802.01D of the NYSE Listed Company Manual. On December 4, 2024, the NYSE filed a Form 25 with the SEC, removing the Public Warrants from their listing on the NYSE. We do not intend to appeal the NYSE’s determination to delist the Public Warrants.

**B. Plan of Distribution**

Not applicable.

**C. Markets**

Our ordinary shares are listed on the NYSE under the symbol “EVTW”.

**D. Selling Shareholders**

Not Applicable.

**E. Dilution**

Not applicable.

**F. Expenses of the Issue**

Not applicable.

**Item 10. Additional Information**

**A. Share Capital**

Not applicable.

## **B. Memorandum and Articles of Association**

A copy of our Articles is attached as Exhibit 1.1 to this Annual Report. The information called for by this Item is set forth in Exhibit 2.10 to this Annual Report and is incorporated by reference into this Annual Report.

## **C. Material Contracts**

Except as disclosed in “*Item 4. Information on the Company*” or “*Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions*” or elsewhere in this Annual Report (including the Exhibits), we are not currently, nor have we been for the past two years immediately preceding this Annual Report, party to any material contract, other than contracts entered into in the ordinary course of business.

## **D. Exchange Controls**

There are currently no exchange control regulations in the Cayman Islands applicable to us or our shareholders.

## **E. Taxation**

*The following summary contains a description of certain Cayman Islands, United Kingdom and U.S. federal income tax consequences of the acquisition, ownership and disposition of our ordinary shares and warrants, but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase ordinary shares or warrants. The summary is based upon the tax laws of the Cayman Islands, United Kingdom and United States, and regulations thereunder as of the date hereof, which are subject to change.*

### **Material Cayman Islands Tax Considerations**

The following discussion is a summary of the material Cayman Islands tax considerations relating to the purchase, ownership and disposition of our ordinary shares. There is, at present, no direct taxation in the Cayman Islands and interest, dividends and gains payable to us will be received free of all Cayman Islands taxes. We have received an undertaking from the Government of the Cayman Islands to the effect that, for a period of twenty years from the date of the undertaking (January 13, 2022), no law that thereafter is enacted in the Cayman Islands imposing any tax or duty to be levied on profits, income or on gains or appreciation, or any tax in the nature of estate duty or inheritance tax, will apply to any property comprised in or any income arising under the Company, or to the shareholders thereof, in respect of any such property or income.

No stamp duty in the Cayman Islands is payable in respect of the issue of any ordinary shares or an instrument of transfer in respect of an ordinary share.

### **Material United Kingdom Tax Considerations**

The following discussion is a summary of the material United Kingdom tax considerations relating to the purchase, ownership and disposition of our ordinary shares.



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The following statements are of a general nature and do not purport to be a complete analysis of all potential U.K. tax consequences of acquiring, holding and disposing of ordinary shares. They are based on current U.K. tax law and on the current published practice of Her Majesty's Revenue and Customs ("HMRC") (which may not be binding on HMRC), as of the date of this Annual Report, all of which are subject to change, possibly with retrospective effect. They are intended to address only certain U.K. tax consequences for holders of ordinary shares who are tax resident in (and only in) the U.K. (or, in the case of corporate holders, who are not residents but carry on business in the U.K. through a branch, agency or permanent establishment with which their investment in the Company is connected), and in the case of individuals, domiciled in (and only in) the U.K. (except where expressly stated otherwise) who are the absolute beneficial owners of the ordinary shares and any dividends paid on them and who hold the ordinary shares as investments (other than in an individual savings account or a self-invested personal pension). They do not address the U.K. tax consequences which may be relevant to certain classes of holders of ordinary shares such as traders, brokers, dealers, banks, financial institutions, insurance companies, investment companies, collective investment schemes, tax-exempt organizations, trustees, persons connected with us or our group, persons holding their ordinary shares as part of hedging or conversion transactions, holders of ordinary shares who have (or are deemed to have) acquired their ordinary shares by virtue of an office or employment, and holders of ordinary shares who are or have been our officers or employees or a company forming part of our group. The statements do not apply to any holder of ordinary shares who either directly or indirectly holds or controls 10% or more of our share capital (or class thereof), voting power or profits.

The following is intended only as a general guide and is not intended to be, nor should it be considered to be, legal or tax advice to any particular prospective subscriber for, or purchaser of, ordinary shares. Accordingly, prospective subscribers for, or purchasers of, ordinary shares who are in any doubt as to their tax position regarding the acquisition, ownership and disposition of ordinary shares or who are subject to tax in a jurisdiction other than the U.K. should consult their own tax advisers.

The following discussion does not consider the United Kingdom tax considerations relating to the purchase, ownership or disposition of the Public Warrants.

### ***The Company***

It is the intention of the directors to conduct our affairs so that our central management and control is exercised in the U.K. As a result, we are expected to be treated as resident in the U.K. for U.K. tax purposes. Accordingly, we expect to be subject to U.K. taxation on our income and gains, except where an exemption applies.

### ***Taxation of Dividends***

#### ***Withholding Tax***

We will not be required to withhold U.K. tax at source when paying dividends. The amount of any liability to U.K. tax on dividends paid by us will depend on the individual circumstances of a holder of ordinary shares.

#### ***Income Tax***

An individual holder of ordinary shares who is resident for tax purposes in the U.K. may, depending on his or her particular circumstances, be subject to U.K. tax on dividends received from the Company. Dividend income is treated as the top slice of the total income chargeable to U.K. income tax. An individual holder of ordinary shares who is not resident for tax purposes in the U.K. should not be chargeable to U.K. income tax on dividends received from us unless he or she carries on (whether solely or in partnership) any trade, profession or vocation in the U.K. through a branch or agency to which the ordinary shares are attributable. There are certain exceptions for trading in the U.K. through independent agents, such as some brokers and investment managers.

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All dividends received by a U.K. resident individual holder of ordinary shares from us or from other sources will form part of the holder's total income for income tax purposes and will constitute the top slice of that income. For the tax year 2023/24, a nil rate of income tax will apply to the first £1,000 of taxable dividend income received by the holder of ordinary shares in a tax year. Income within the nil rate band will be taken into account in determining whether income in excess of the nil rate band falls within the basic rate, higher rate or additional rate tax bands. Where the total dividend income exceeds the £1,000 dividend allowance, the first £1,000 of the dividend income will be charged at the nil rate and any excess amount will be taxed at 8.75% to the extent that the excess amount falls within the basic rate tax band, 33.75% to the extent that the excess amount falls within the higher rate tax band and 39.35% to the extent that the excess amount falls within the additional rate tax band. The basic rate, higher rate and additional rates of dividend taxation will remain the same for the tax year 2024/25, however the nil rate band will reduce to £500.

### *Corporation Tax*

Corporate holders of ordinary shares which are resident for tax purposes in the U.K. should not be subject to U.K. corporation tax on any dividend received from us so long as the dividends qualify for exemption (as is likely) and certain conditions are met (including anti-avoidance conditions). Corporate holders of ordinary shares who are not resident in the U.K. will not generally be subject to U.K. corporation tax on dividends unless they are carrying on a trade, profession or vocation in the U.K. through a permanent establishment in connection with which the ordinary shares are used, held, or acquired.

A holder of ordinary share who is resident outside the U.K. may be subject to non-U.K. taxation on dividend income under local law.

### *Taxation of Capital Gains*

#### *U.K. Resident Holders of ordinary shares*

A disposal or deemed disposal of ordinary shares by an individual or corporate holder of ordinary shares who is tax resident in the U.K. may, depending on the holder's circumstances and subject to any available exemptions or reliefs (including any capital gains allowance), give rise to a chargeable gain or allowable loss for the purposes of U.K. taxation of chargeable gains.

Any chargeable gain (or allowable loss) will generally be calculated by reference to the consideration received for the disposal of ordinary shares less the allowable cost to the holder of acquiring such ordinary shares.

The applicable tax rates for individual holders of ordinary shares realizing a gain on the disposal of ordinary shares for the tax year 2023/24 is, broadly, 10% for basic rate taxpayers and 20% for higher and additional rate taxpayers. These rates have not changed for the tax year 2024/25. The applicable tax rates for corporate holders of ordinary shares realizing a gain on the disposal of ordinary shares for the tax year 2024/25 is, broadly, 25%.

#### *Non-U.K. Resident Holders of ordinary shares*

Holders of ordinary shares who are not resident in the U.K. and, in the case of an individual holder, not temporarily non-resident, should not be liable for U.K. tax on capital gains realized on a sale or other disposal of ordinary shares unless such shares are used, held or acquired for the purposes of a trade, profession or vocation carried on in the U.K. through a branch or agency or, in the case of a corporate holder, through a permanent establishment. Holders of ordinary shares who are not resident in the U.K. may be subject to non-U.K. taxation on any gain under local law.

Generally, an individual holder of ordinary shares who has ceased to be resident in the U.K. for tax purposes for a period of five years or less and who disposes of ordinary shares during that period may be liable on their return to the U.K. to U.K. taxation on any capital gain realized (subject to any available exemption or relief).

#### ***U.K. Stamp Duty ("stamp duty") and U.K. Stamp Duty Reserve Tax ("SDRT")***

The following statements are intended as a general guide to the current position relating to stamp duty and SDRT and apply to any holders of ordinary shares irrespective of their place of tax residence.

No stamp duty will be payable on the issue of ordinary shares.

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Stamp duty will in principle be payable on any instrument of transfer of ordinary shares that is executed in the U.K. or that relates to any property situated, or to any matter or thing done or to be done, in the U.K. An exemption from stamp duty is available on an instrument transferring ordinary shares where the amount or value of the consideration is £1,000 or less and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000.

Provided that ordinary shares are not registered in any register maintained in the U.K. by or on behalf of us and are not paired with any shares issued by a U.K. incorporated company, the issue or transfer of (or agreement to transfer) ordinary shares will not be subject to SDRT. We currently do not intend that any register of ordinary shares will be maintained in the U.K.

### **Material U.S. Federal Income Tax Considerations**

The following discussion is a summary of the material U.S. federal income tax considerations for U.S. Holders (as defined below) of the ownership and disposition of our ordinary shares and warrants. This discussion applies only to our ordinary shares and warrants that are held as “capital assets” within the meaning of Section 1221 of the Code (generally, property held for investment).

The following does not purport to be a complete analysis of all potential tax considerations arising in connection with the ownership and disposal of our ordinary shares and warrants. The effects and considerations of other U.S. federal tax laws, such as estate and gift tax laws, alternative minimum or Medicare contribution tax consequences and any applicable state, local or non-U.S. tax laws are not discussed. This discussion is based on the Code, Treasury regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the IRS, in each case in effect as of the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect the tax consequences discussed below. We have neither sought nor will seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS will not take or a court will not sustain a contrary position to that discussed below regarding the tax consequences discussed below.

This discussion does not address all U.S. federal income tax consequences relevant to a holder’s particular circumstances. In addition, it does not address consequences relevant to holders subject to special rules, including, without limitation:

- banks, insurance companies, and certain other financial institutions;
- regulated investment companies and real estate investment trusts;
- brokers, dealers or traders in securities;
- traders in securities that elect to mark to market;
- tax-exempt organizations or governmental organizations;
- U.S. expatriates and former citizens or long-term residents of the United States;
- persons holding our ordinary shares and/or warrants as part of a hedge, straddle, constructive sale, or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- persons subject to special tax accounting rules as a result of any item of gross income with respect to our ordinary shares and/or warrants being taken into account in an applicable financial statement;
- persons that actually or constructively own 5% or more (by vote or value) of the outstanding issued ordinary shares;
- “controlled foreign corporations,” “passive foreign investment companies,” and corporations that accumulate earnings to avoid U.S. federal income tax;
- S corporations, partnerships or other entities or arrangements treated as partnerships or other flowthrough entities for U.S. federal income tax purposes (and investors therein);

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- U.S. Holders having a functional currency other than the U.S. dollar;
- persons who hold or received our ordinary shares and/or warrants, as the case may be, pursuant to the exercise of any employee share option or otherwise as compensation; and
- tax-qualified retirement plans.

For purposes of this discussion, a “U.S. Holder” is any beneficial owner of our ordinary shares and/or warrants that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation) created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more “United States persons” (within the meaning of Section 7701(a)(30) of the Code), or (2) has a valid election in effect to be treated as a “United States person” (within the meaning of Section 7701(a)(30) of the Code) for U.S. federal income tax purposes.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our ordinary shares and/or warrants, the tax treatment of an owner of such entity will depend on the status of the owners, the activities of the entity or arrangement and certain determinations made at the partner level. Accordingly, entities or arrangements treated as partnerships for U.S. federal income tax purposes and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

**THE U.S. FEDERAL INCOME TAX CONSEQUENCE OF OWNING OUR ORDINARY SHARES AND/OR WARRANTS TO ANY PARTICULAR HOLDER WILL DEPEND ON THE HOLDER’S PARTICULAR TAX CIRCUMSTANCES. YOU ARE URGED TO CONSULT YOUR TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL, AND NON-U.S. INCOME AND OTHER TAX CONSEQUENCES TO YOU, IN LIGHT OF YOUR PARTICULAR INVESTMENT OR TAX CIRCUMSTANCES, OF ACQUIRING, HOLDING, AND DISPOSING OF OUR ORDINARY SHARES AND/OR WARRANTS.**

### ***Distributions on Ordinary Shares***

Subject to the PFIC rules discussed below, the gross amount of distributions made by us (if any) with respect to the ordinary shares generally will be includable in a U.S. Holder’s gross income as foreign-source dividend income in the year actually or constructively received by such U.S. Holder, but only to the extent that such distributions are paid out of our current or accumulated earnings and profits as determined under U.S. federal income tax principles. Distributions to a U.S. Holder in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder’s basis in the ordinary shares and thereafter as capital gain. In the event we make distributions to U.S. Holders of ordinary shares, we may or may not calculate our earnings and profits under U.S. federal income tax principles. We do not currently intend to calculate our earnings and profits under U.S. federal income tax principles. U.S. Holders should therefore assume that all cash distributions will be reported as ordinary dividend income, even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain. The amount of any distribution of property other than cash will be the fair market value of that property on the date of distribution. U.S. Holders should consult their own tax advisors to determine whether and to what extent they will be entitled to foreign tax credits in respect of any dividend income received.

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With respect to non-corporate U.S. Holders (including individuals, estates, and trusts), dividends received with respect to our ordinary shares may be considered “qualified dividend income” subject to lower capital gains rates, provided that (1) the ordinary shares are readily tradable on an established securities market in the United States or we are eligible for the benefits of the income tax treaty between the United States and the United Kingdom, (2) we are not a PFIC (as discussed below) for either our taxable year in which the dividend was paid or the preceding taxable year and (3) certain holding period requirements are met. In this regard, the ordinary shares will generally be considered to be readily tradable on an established securities market in the United States if they are listed on the NYSE, as we intend the ordinary shares will continue to be. U.S. Holders should consult their own tax advisors regarding the availability of the lower rate for the dividends paid with respect to the ordinary shares.

Subject to certain exceptions, dividends paid by us with respect to the ordinary shares will generally constitute foreign-source “passive category income” and will not be eligible for the dividends received deduction generally allowed to corporate U.S. Holders in respect of dividends received from U.S. corporations.

### ***Sale or Other Taxable Disposition of Ordinary Shares and Warrants***

Subject to the PFIC rules discussed below, upon a sale or other taxable disposition of the ordinary shares and/or warrants, a U.S. Holder generally will recognize a capital gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realized and the U.S. Holder’s adjusted tax basis in such ordinary shares and/or warrants. A U.S. Holder’s adjusted tax basis in such ordinary shares and/or warrants generally will be such U.S. Holder’s purchase price for the ordinary shares and/or warrants. Any such gain or loss generally will be U.S. source gain or loss and will be treated as long term capital gain or loss if the U.S. Holder’s holding period in the ordinary shares and/or warrants exceeds one year. Non-corporate U.S. Holders (including individuals) generally will be subject to U.S. federal income tax on long term capital gain at preferential rates. The deductibility of capital losses is subject to significant limitations.

Any such gain or loss recognized generally will be treated as U.S. source gain or loss. U.S. Holders are urged to consult their own tax advisor regarding the ability to claim a foreign tax credit and the application of the income tax treaty between the United States and the United Kingdom to such U.S. Holder’s particular circumstances.

### ***Exercise or Lapse of a Warrant***

Except as discussed below with respect to the cashless exercise of a warrant, a U.S. Holder generally will not recognize gain or loss upon the acquisition of an ordinary share on the exercise of a Public Warrant for cash. A U.S. Holder’s tax basis in ordinary shares received upon exercise of the warrant generally should be an amount equal to the sum of the U.S. Holder’s tax basis in the Public Warrant exercised therefore and the exercise price. The U.S. Holder’s holding period for an ordinary share received upon exercise of the Public Warrant will begin on the date following the date of exercise (or possibly the date of exercise) of the warrant and will generally not include the period during which the U.S. Holder held the warrant. If a Public Warrant is allowed to lapse unexercised, a U.S. Holder that has otherwise received no proceeds with respect to such warrant generally will recognize a capital loss equal to such U.S. Holder’s tax basis in such warrant.

The tax consequences of a cashless exercise of a Public Warrant are not clear under current U.S. federal income tax law. A cashless exercise may be tax-deferred, either because the exercise is not a realization event or because the exercise is treated as a recapitalization for U.S. federal income tax purposes. In either situation, a U.S. Holder’s basis in the ordinary shares received would equal the U.S. Holder’s basis in the warrants exercised therefor. If the cashless exercise is not treated as a realization event, a U.S. Holder’s holding period in the ordinary shares would be treated as commencing on the date following the date of exercise (or possibly the date of exercise) of the warrants. If the cashless exercise were treated as a recapitalization, the holding period of the ordinary shares would include the holding period of the warrants exercised therefor.

It is also possible that a cashless exercise of a Public Warrant could be treated in part as a taxable exchange in which gain or loss would be recognized in the manner set forth above under “—*Sale or Other Taxable Disposition of Ordinary Shares and Warrants.*” In such event, a U.S. Holder could be deemed to have surrendered warrants equal to the number of ordinary shares having an aggregate fair market value equal to the exercise price for the total number of warrants to be exercised. The U.S. Holder would recognize capital gain or loss in an amount generally equal to the difference between (i) the fair market value of the warrants deemed surrendered and (ii) the U.S. Holder’s tax basis in such warrants deemed surrendered. In this case, a U.S. Holder’s tax basis in the ordinary shares received would equal the sum of (i) U.S. Holder’s tax basis in the warrants deemed exercised and (ii) the exercise price of such warrants. A U.S. Holder’s holding period for the ordinary shares received in such case generally would commence on the date following the date of exercise (or possibly the date of exercise) of the warrants.

Due to the absence of authority on the U.S. federal income tax treatment of a cashless exercise of warrants, there can be no assurance which, if any, of the alternative tax consequences and holding periods described above would be adopted by the IRS or a court of law. Accordingly, U.S. Holders should consult their own tax advisors regarding the tax consequences of a cashless exercise of warrants.

### ***Possible Constructive Distributions***

The terms of each Public Warrant provide for an adjustment to the number of ordinary shares for which the warrant may be exercised or to the exercise price of the warrant in certain events. An adjustment which has the effect of preventing dilution generally is not taxable. A U.S. Holder of a Public Warrant would, however, be treated as receiving a constructive distribution from us if, for example, the adjustment increases the holder's proportionate interest in our assets or earnings and profits (for instance, through an increase in the number of ordinary shares that would be obtained upon exercise of such warrant) as a result of a distribution of cash or other property such as other securities to the holders of the ordinary shares which is taxable to the holders of such shares as described under "—Distributions on ordinary shares" above. Such constructive distribution would generally be subject to tax as described under that section in the same manner as if the U.S. Holder of such warrant received a cash distribution from us equal to the fair market value of such increased interest. However, it is unclear whether a distribution treated as a dividend deemed paid to a non-corporate U.S. Holder would be eligible for the lower applicable long term capital gains rates as described above under "—Distributions on Ordinary Shares."

### ***Passive Foreign Investment Company***

We will be classified as a PFIC within the meaning of Section 1297 of the Code, for any taxable year if either: (1) at least 75% of the gross income of the Company is "passive income" for purposes of the PFIC rules, the so-called PFIC income test, or (2) at least 50% of the value of our assets (determined on the basis of a quarterly average) produce or are held for the production of passive income, the so-called PFIC asset test. For this purpose, we will be treated as owning the proportionate share of the assets, and earning the proportionate share of the income, of any other corporation in which we own, directly or indirectly, 25% or more measured by value of the stock. We are an early-stage company and do not expect to realize revenue until our manufacturing operations are in production. Until we generate revenue, our PFIC status would largely depend on whether we earn non-passive income, such as government grants and research and development tax credits, and whether the amount of such non-passive income exceeds 25% of our gross income for the relevant taxable year. While not clear, taking into account our income, assets and market capitalization, we believe that we were not a PFIC for the taxable year that ended on December 31, 2024. Even after we start generating revenue, our PFIC status would depend on, among other things, the composition of the income, assets and operations of us and our subsidiaries and there can be no assurances that we will not be treated as a PFIC again in any future taxable year. In addition, fluctuations in our market capitalization could affect the analysis under the PFIC asset test. Moreover, the application of the PFIC rules is subject to uncertainty in several respects, and we cannot assure you that the IRS will not take a contrary position or that a court will not sustain such a challenge by the IRS.

If we are considered a PFIC for any taxable year that a U.S. Holder holds ordinary shares or warrants, we would continue to be treated as a PFIC with respect to such U.S. Holder's investment unless (i) we ceased to be a PFIC and (ii) the U.S. Holder made a "deemed sale" election under the PFIC rules. If such election is made, a U.S. Holder will be deemed to have sold its ordinary shares and/or warrants at their fair market value on the last day of the last taxable year in which we are classified as a PFIC, and any gain from such deemed sale would be subject to the consequences described below. After the deemed sale election, the ordinary shares or warrants with respect to which the deemed sale election was made will not be treated as shares or warrants in a PFIC unless we subsequently become a PFIC.

For each taxable year that we are treated as a PFIC with respect to a U.S. Holder's ordinary shares or warrants, the U.S. Holder will be subject to special tax rules with respect to any "excess distribution" (as defined below) received and any gain realized from a sale or disposition (including a pledge) of its ordinary shares or warrants (collectively the "Excess Distribution Rules"), unless the U.S. Holder makes a valid QEF election or mark-to-market election as discussed below. Distributions received by a U.S. Holder in a taxable year that are greater than 125% of the average annual distributions received during the shorter of the three preceding taxable years or the U.S. Holder's holding period for the ordinary shares will be treated as excess distributions. Under the Excess Distribution Rules:

- the excess distribution or gain (including gain on a sale or disposition of warrants) will be allocated ratably over the U.S. Holder's holding period for the ordinary shares or warrants;

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- the amount allocated to the current taxable year, and any taxable years in the U.S. Holder's holding period prior to the first taxable year in which we are a PFIC, will be treated as ordinary income; and
- the amount allocated to each other taxable year will be subject to the highest tax rate in effect for individuals or corporations, as applicable, for each such year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

Under the Excess Distribution Rules, the tax liability for amounts allocated to taxable years prior to the year of disposition or excess distribution cannot be offset by any net operating losses, and gains (but not losses) realized on the sale of the ordinary shares or warrants cannot be treated as capital gains, even though the U.S. Holder holds the ordinary shares or warrants as capital assets.

Once we are a PFIC, U.S. Holders may also be subject to the Excess Distribution Rules with respect to subsidiaries and other entities which we may hold, directly or indirectly, that are PFICs (collectively, "Lower-Tier PFICs"). There can be no assurance that we do not own, or will not in the future acquire, an interest in a subsidiary or other entity that is or would be treated as a Lower-Tier PFIC. U.S. Holders should consult their own tax advisors regarding the application of the PFIC rules to any of our subsidiaries.

If we are a PFIC, a U.S. Holder of ordinary shares (but generally not warrants) may avoid taxation under the Excess Distribution Rules described above by making a "qualified electing fund" ("QEF") election. However, a U.S. Holder may make a QEF election with respect to its ordinary shares only if we provide U.S. Holders on an annual basis with certain financial information specified under applicable U.S. Treasury regulations. Because we do not intend to provide such information, however, the QEF Election will not be available to U.S. Holders with respect to our ordinary shares and a QEF election is not available with respect to warrants.

Alternatively, a U.S. Holder of "marketable stock" (as defined below) may make a mark-to-market election for its ordinary shares to elect out of the Excess Distribution Rules discussed above if we are treated as a PFIC. If a U.S. Holder makes a mark-to-market election with respect to its ordinary shares, such U.S. Holder will include in income for each year that we are treated as a PFIC with respect to such ordinary shares an amount equal to the excess, if any, of the fair market value of the ordinary shares as of the close of the U.S. Holder's taxable year over the adjusted basis in the ordinary shares. A U.S. Holder will be allowed a deduction for the excess, if any, of the adjusted basis of the ordinary shares over their fair market value as of the close of the taxable year. However, deductions will be allowed only to the extent of any net mark-to-market gains on the ordinary shares included in the U.S. Holder's income for prior taxable years. Amounts included in income under a mark-to-market election, as well as gain on the actual sale or other disposition of the ordinary shares, will be treated as ordinary income. Ordinary loss treatment will also apply to the deductible portion of any mark-to-market loss on the ordinary shares, as well as to any loss realized on the actual sale or disposition of the ordinary shares, to the extent the amount of such loss does not exceed the net mark-to-market gains for such ordinary shares previously included in income. A U.S. Holder's basis in the ordinary shares will be adjusted to reflect any mark-to-market income or loss. If a U.S. Holder makes a mark-to-market election, any distributions we make would generally be subject to the rules discussed above under "*Distributions on Ordinary Shares*," except the lower rates applicable to qualified dividend income would not apply. U.S. Holders of warrants will not be able to make a mark-to-market election with respect to their warrants.

The mark-to-market election is available only for "marketable stock," which is stock that is regularly traded on a qualified exchange or other market, as defined in applicable U.S. Treasury regulations. The ordinary shares, which are listed on NYSE, are expected to qualify as marketable stock for purposes of the PFIC rules, but there can be no assurance that ordinary shares will be "regularly traded" for purposes of these rules. Because a mark-to-market election is generally not available for equity interests in any Lower-Tier PFICs, a U.S. Holder will continue to be subject to the Excess Distribution Rules with respect to its indirect interest in any Lower-Tier PFICs as described above, even if a mark-to-market election is made for the ordinary shares.

If a U.S. Holder does not make a mark-to-market election (or a QEF election) effective from the first taxable year of a U.S. Holder's holding period for the ordinary shares in which we are a PFIC, then the U.S. Holder generally will remain subject to the Excess Distribution Rules. A U.S. Holder that first makes a mark-to-market election with respect to the ordinary shares in a later year will continue to be subject to the Excess Distribution Rules during the taxable year for which the mark-to-market election becomes effective, including with respect to any mark-to-market gain recognized at the end of that year. In subsequent years for which a valid mark to mark election remains in effect, the Excess Distribution Rules generally will not apply. A U.S. Holder that is eligible to make a mark-to-market with respect to its ordinary shares may do so by providing the appropriate information on IRS Form 8621 and timely filing that form with the U.S. Holder's tax return for the year in which the election becomes effective. U.S. Holders should consult their own tax advisors as to the availability and desirability of a mark-to-market election, as well as the impact of such election on interests in any Lower-Tier PFICs.

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A U.S. Holder of a PFIC may be required to file an IRS Form 8621 on an annual basis. U.S. Holders should consult their own tax advisors regarding any reporting requirements that may apply to them if we are a PFIC.

U.S. Holders are strongly encouraged to consult their tax advisors regarding the application of the PFIC rules to their particular circumstances.

### ***Information Reporting and Backup Withholding***

Information reporting requirements may apply to distributions received by U.S. Holders of ordinary shares, and the proceeds received on sale or other taxable the disposition of ordinary shares and/or warrants effected within the United States (and, in certain cases, outside the United States), in each case other than U.S. Holders that are exempt recipients (such as corporations). Backup withholding may apply to such amounts if the U.S. Holder fails to provide an accurate taxpayer identification number (generally on an IRS Form W-9 provided to the paying agent of the U.S. Holder's broker) or is otherwise subject to backup withholding. Any distributions with respect to ordinary shares and proceeds from the sale, exchange, redemption or other disposition of ordinary shares and/or warrants may be subject to information reporting to the IRS and possible U.S. backup withholding. U.S. Holders should consult their own tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Information returns may be filed with the IRS in connection with, and Non-U.S. Holders may be subject to backup withholding on amounts received in respect of, a Non-U.S. Holder's disposition of their ordinary shares and/or warrants, unless the Non-U.S. Holder furnishes to the applicable withholding agent the required certification as to its non-U.S. status, such as by providing a valid IRS Form W-8BEN, IRS Form W-8BEN-E or IRS Form W-8ECI, as applicable, or the Non-U.S. Holder otherwise establishes an exemption. Distributions paid with respect to ordinary shares and proceeds from the sale of other disposition of ordinary shares and/or warrants received in the United States by a Non-U.S. Holder through certain U.S.-related financial intermediaries may be subject to information reporting and backup withholding unless such Non-U.S. Holder provides proof an applicable exemption or complies with certain certification procedures described above, and otherwise complies with the applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding generally may be credited against the taxpayer's U.S. federal income tax liability, and a taxpayer may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for a refund with the IRS and furnishing any required information.

### **F. Dividends and Paying Agents**

Not applicable.

### **G. Statement by Experts**

Not applicable.

### **H. Documents on Display**

We are subject to the informational requirements of the Exchange Act. Accordingly, we will be required to file reports and other information with the SEC, including annual reports on Form 20-F and reports on Form 6-K. The SEC maintains an internet website that contains reports and other information about issuers, like us, that file electronically with the SEC. The address of that website is [www.sec.gov](http://www.sec.gov).

As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and short swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. We are required to make certain filings with the SEC. The SEC maintains an internet website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that site is [www.sec.gov](http://www.sec.gov).



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We also maintain an Internet website at <https://vertical-aerospace.com>. Through our website, we will make available, free of charge, the following documents as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC: our annual reports on Form 20-F; our reports on Form 6-K; amendments to these documents; and other information as may be required by the SEC. The information contained on, or that may be accessed through, our website is not part of, and is not incorporated into, this Annual Report.

**I. Subsidiary Information**

Not applicable.

**J. Annual Report to Security Holders**

Not applicable.

**Item 11. Quantitative and Qualitative Disclosures About Market Risk**

We are exposed to certain market risks in the ordinary course of our business. These risks primarily consist of market risk, credit risk and liquidity risk as follows. For further discussion and sensitivity analysis of these risks, see note 25 to our consolidated financial statements, which are included elsewhere in this Annual Report.

**Item 12. Description of Securities Other than Equity Securities**

Not applicable.

**PART II**

**Item 13. Defaults, Dividend Arrearages and Delinquencies**

None.

**Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds**

The information called for by this Item has been reported in the Company's Reports on Form 6-K filed with the SEC on February 23, 2024 (including Exhibit 99.2 thereto), March 13, 2024 (including Exhibit 3.1 thereto), August 16, 2024 (including Exhibit 99.1 thereto), September 16, 2024 (including Exhibit 3.1 thereto), September 17, 2024 (including Exhibit 99.1 thereto), September 30, 2024 (including Exhibit 3.1 thereto), December 13, 2024 (including Exhibit 99.1 thereto) and December 23, 2024 (including Exhibit 3.1 thereto).

See Item 10. "Additional Information—B. Memorandum and Articles of Association" for a description of the rights of securities holders.

## **Item 15. Controls and Procedures**

### ***Disclosure Controls and Procedures***

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in the Company's reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and interim Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Our management, with the participation of our Chief Executive Officer and interim Principal Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2024.

Based on the material weaknesses described below, our Chief Executive Officer and our interim Principal Financial Officer have concluded that, as of December 31, 2024, our disclosure controls and procedures were not effective. Notwithstanding the identified material weaknesses, our Chief Executive Officer and interim Principal Financial Officer have concluded that the consolidated financial statements included elsewhere in this Annual Report fairly present, in all material respects, our financial condition, results of operations and cash flows for the periods presented.

### ***Management's Annual Report on Internal Control over Financial Reporting***

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our management conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria set forth in "*Internal Control - Integrated Framework (2013)*" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the material weaknesses described below, our management, with the participation of our Chief Executive Officer and our interim Principal Financial Officer, has concluded that, as of December 31, 2024, our internal control over financial reporting was not effective.

### ***Previously Identified Material Weaknesses***

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements may not be prevented or detected on a timely basis.

As reported in our Annual Report on Form 20-F for the year ended December 31, 2023, we previously identified material weaknesses in our internal control over financial reporting, driven by the lack of a sufficient number of trained professionals with an appropriate level of accounting knowledge, training and experience, which lead to our inability to:

- design and maintain controls over the segregation of duties between the creation and posting of journal entries and preparation and review of account reconciliations;
- design and maintain formal accounting policies, procedures, and controls (including information technology general controls) across multiple processes; and
- analyze, record, review and disclose complex accounting matters timely and accurately.

Progress has been made to improve the design and implementation of our internal controls over a number of our financial reporting processes. However, remediation of the material weaknesses will require validation and testing of the operating effectiveness of the applicable remedial controls over a sustained period of financial reporting cycles. Management has not finalized the design of controls in certain processes nor completed sufficient testing of the operating effectiveness of internal controls. As such, these material weaknesses remain unremediated as of December 31, 2024.

### ***Remediation Activities and Plans***

During 2024, we have implemented, and will continue to identify and implement in subsequent years, appropriate steps to remediate the material weaknesses described above.

We have continued to supplement internal resources with additional external advice, which will continue to provide ongoing support in regard to complex accounting matters, valuation modelling, judgmental areas and changes in accounting standards.

This includes the execution of an internal audit plan and a review of key financial controls by an independent outsourced internal audit function that focusses on identifying key processes, key controls and any gaps requiring remediation.

As our operations grow in size, scope and complexity, we will need to further increase our resources with a sufficient level of accounting knowledge, training and experience in specific areas. We will also need to continuously improve and upgrade our systems and infrastructure to offer an increasing number of similar complementary features and functionalities, while maintaining and improving the reliability and integrity of our systems and infrastructure.

During 2024, the Company made progress on many of its remedial actions surrounding the material weaknesses identified as of December 31, 2023. However, for many of these remedial actions, management has been unable to obtain sufficient assurance that these have been implemented and/or operating contemporaneously and continuously as of December 31, 2024, and therefore the material weaknesses were not fully remediated at year-end. The Company plans to refine the design of many of the controls and evaluate and monitor whether they are operating effectively during 2025.

Based upon the above evaluation, our Chief Executive Officer and interim Principal Financial Officer concluded that, as a result of the material weakness described above, our internal control over financial reporting was not effective as of December 31, 2024.

### ***Attestation Report of the Registered Public Accounting Firm***

This Annual Report does not include an attestation report of our independent registered public accounting firm due to an exemption established by the JOBS Act for “emerging growth companies.”

### ***Change in Internal Control Over Financial Reporting***

Except for the remediation efforts described above taken to address the material weaknesses, there were no other changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the year ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Item 16. [Reserved]**

**Item 16A. Audit Committee Financial Expert**

Our board of directors has determined that Kathy Cassidy, a member of our audit committee, is a “financial expert,” as defined in Item 16A of Form 20-F. Ms. Cassidy is “independent,” as defined in Rule 10A-3 under the Exchange Act. For a description of Ms. Cassidy’s experience, see Item 6.A. “*Directors, Senior Management and Employees—Executive Officers and Board Members.*”

**Item 16B. Code of Ethics**

We have adopted a Code of Business Conduct and Ethics (the “Code of Conduct”) that applies to all our directors, officers and employees, including our principal executive, principal financial and principal accounting officers. Our Code of Conduct addresses, among other things, conflicts of interest, corporate opportunity requirements, confidentiality, competition and fair dealing, financial matters and external reporting, our funds and assets, as well as the process for reporting violations of the Code of Conduct and employee misconduct. Our Code of Conduct is intended to meet the definition of “code of ethics” under Item 16B of Form 20-F under the Exchange Act.

We intend to disclose on our website any amendment to, or waiver from, a provision of our Code of Conduct that applies to our directors or executive officers to the extent required under the rules of the SEC or NYSE. Our Code of Conduct is available on our website at *investor.vertical-aerospace.com*. The information contained on our website is not incorporated by reference in this Annual Report.

**Item 16C. Principal Accountant Fees and Services**

PricewaterhouseCoopers LLP (PCAOB ID 876) acted as our independent registered public accounting firm for the fiscal years ended December 31, 2024 and 2023.

The table below sets out the total amount billed to us by PricewaterhouseCoopers LLP for services performed in the years ended December 31, 2024 and 2023, and breaks down these amounts by category of service:

	2024	2023
	£'000	£'000
Audit Fees	605	517
Audit Related Fees	479	282
Tax Fees	—	—
All Other Fees	—	—
<b>Total</b>	<b>1,084</b>	<b>799</b>

***Audit Fees***

Audit fees for the years ended December 31, 2024 and 2023 were related to the audit of our consolidated and subsidiary financial statements and other audit or interim review services provided in connection with statutory and regulatory filings or engagements.

***Audit Related Fees***

Audit related services provided in the years ended December 31, 2024 and 2023 related to periodic reports, other documents filed with the SEC, and comfort letters and consents issued in connection with securities offerings.

***Pre-Approval Policies and Procedures***

The advance approval of the Audit Committee or the chairman thereof, to whom approval authority has been delegated, is required for all audit and non-audit services provided by our auditors.

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All services provided by our auditors are approved in advance by either the Audit Committee or the chairman thereof, to whom authority has been delegated, in accordance with the Audit Committee's pre-approval policy.

**Item 16D. Exemptions from the Listing Standards for Audit Committees**

Not applicable.

**Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

The table below sets forth the Company's ordinary shares acquired during 2024 by Stephen Fitzpatrick, an "affiliated purchaser" of the Company as defined in Rule 10b-18(a)(3) under the Exchange Act at the time of such acquisition, for his own account. As of December 31, 2024, Mr. Fitzpatrick acquired a total of 137,399 ordinary shares of the Company in open-market transactions using his personal funds during the calendar year 2024.

Period	Total Number of Ordinary Shares Purchased	Average Price Paid per Ordinary Share <sup>1</sup>	Total number of Ordinary Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Ordinary Shares that May Yet Be Purchased Under the Plans or Programs
March 18-27, 2024	137,399	\$ 8.39	—	—
<b>Total</b>	<b>137,399</b>	<b>\$ 8.39</b>	<b>—</b>	<b>—</b>

<sup>1</sup> Excludes broker and transaction fees. Number of shares and average purchase price as adjusted for the Reverse Share Split.

**Item 16F. Change in Registrant's Certifying Accountant**

None.

**Item 16G. Corporate Governance**

We are a "foreign private issuer." As a "foreign private issuer," as defined by the SEC, we are permitted to follow home country corporate governance practices, instead of certain corporate governance practices required by the NYSE for domestic issuers. We believe the following to be the significant differences between our corporate governance practices and those applicable to U.S. companies under the NYSE listing standards.

We intend to follow corporate governance practices as contained in the Companies Act and other Cayman Islands laws and regulations in lieu of NYSE corporate governance rules as follows, none of which is required under the laws of the Cayman Islands:

- We do not intend to follow Section 303A.04 of the NYSE Rules, which requires that a listed company must have a nominating/corporate governance committee composed entirely of independent directors;
- We do not intend to follow Section 303.A05 of the NYSE Rules, which requires that a listed company have a compensation committee composed entirely of independent directors and that they satisfy the additional independence requirements specific to compensation committee membership set for in Rule 303A.02(a)(ii); and
- We do not intend to follow Section 303A.07(a) of the NYSE Rules, which requires that a listed company have an audit committee that is composed of at least three members.

Section 312.03 of the NYSE Rules also requires that a listed company obtain, in specified circumstances, (1) shareholder approval to adopt or materially revise equity compensation plans, as well as (2) shareholder approval prior to an issuance (a) of more than 1% of its ordinary share (including derivative securities thereof) in either number or voting power to related parties, (b) of more than 20% of its outstanding ordinary share (including derivative securities thereof) in either number or voting power or (c) that would result in a change of control, none of which requires shareholder approval under the laws of the Cayman Islands. We intend to follow home country law in determining whether shareholder approval is required.

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We may in the future decide to use other foreign private issuer exemptions with respect to some or all of the other requirements under the NYSE Rules. Following our home country governance practices may provide less protection than is accorded to investors under the NYSE listing requirements applicable to domestic issuers.

We intend to take all actions necessary for us to maintain compliance as a foreign private issuer under the applicable corporate governance requirements of the Sarbanes-Oxley Act of 2002, the rules adopted by the SEC and NYSE listing standards. Because we are a foreign private issuer, our directors and senior management are not subject to short-swing profit and insider trading reporting obligations under Section 16 of the Exchange Act. They will, however, be subject to the obligations to report changes in share ownership under Section 13 of the Exchange Act and related SEC rules.

**Item 16H. Mine Safety Disclosure**

Not applicable.

**Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

**Item 16J. Insider Trading Policies**

We have adopted a written Insider Trading Compliance Policy governing the purchase, sale, and other dispositions of our securities by our directors, senior management and employees that are designed to promote compliance with applicable insider trading laws, rules and regulations in the United States and Cayman Islands, and the listing standards of the New York Stock Exchange. A copy of the Company's Insider Trading Compliance Policy is attached as an exhibit to this Annual Report.

**Item 16K. Cybersecurity**

*Cybersecurity Risk Management and Strategy*

We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of our critical systems and information. Our cybersecurity risk management program includes a cybersecurity incident response plan.

We design and assess our program based on ISO27001 – the international standard for information security management systems. This does not imply that we meet any particular technical standards, specifications, or requirements, only that we use ISO27001 as a guide to help us identify, assess, and manage cybersecurity risks relevant to our business.

Our cybersecurity risk management program is integrated into our overall enterprise risk management program, and shares common methodologies, reporting channels and governance processes that apply across the enterprise risk management program to other legal, compliance, strategic, operational, and financial risk areas.

Our cybersecurity risk management program includes:

- Risk assessments designed to help identify material cybersecurity risks to our critical systems, information, products, and our broader enterprise IT environment;
- A team principally responsible for managing (1) our cybersecurity risk assessment processes, (2) our security controls, and (3) our response to cybersecurity incidents;
- The use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security controls;
- Cybersecurity awareness training of our employees, and senior management;
- A cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents; and

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- A third party risk management process for service providers, suppliers, and vendors who have access to our critical systems and information.

We have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition.

*Cybersecurity Governance*

Our Board considers cybersecurity risk as part of its risk oversight function and has delegated to the Audit Committee oversight of cybersecurity and other information technology risks. The Committee oversees management’s implementation of our cybersecurity risk management program.

The Audit Committee receives quarterly updates from management on our cybersecurity activities. In addition, management updates the Committee, as necessary, regarding any material cybersecurity incidents, as well as any incidents with lesser impact potential.

The Audit Committee reports to the full Board regarding its activities, including those related to cybersecurity. The full Board has also received briefings from management on our cyber risk management program. Board members have also received presentations on cybersecurity topics from our Finance & IT Director or external experts as part of the Board’s continuing education on topics that impact public companies.

Our management team is responsible for assessing and managing our material risks from cybersecurity threats. The team has primary responsibility for our overall cybersecurity risk management program and supervises both our internal cybersecurity personnel and any retained external cybersecurity consultants. Our management team’s experience includes technology leadership roles at Rolls-Royce, Royal Mail and Vodafone.

Our management team supervises efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from internal security personnel; threat intelligence and other information obtained from governmental, public or private sources, including external consultants engaged by us; and alerts and reports produced by security tools deployed in the IT environment.

**PART III**

**Item 17. Financial Statements**

We have provided financial statements pursuant to Item 18.

**Item 18. Financial Statements**

The audited consolidated financial statements as required under Item 18 are attached hereto starting on page F-1 of this Annual Report. The audit report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, is included herein preceding the audited consolidated financial statements.

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**Item 19. Exhibits**

List all exhibits filed as part of the registration statement or annual report, including exhibits incorporated by reference.

Exhibit No.	Description	Incorporation by Reference				
		Form	File No.	Exhibit No.	Filing Date	Filed / Furnished
1.1	<a href="#">Fourth Amended and Restated Memorandum and Articles of Association of Vertical Aerospace Ltd.</a>	6-K	001-41169	3.1	12/23/2024	
2.1	<a href="#">Specimen Ordinary Share Certificate of Vertical Aerospace Ltd.</a>	F-4	333-257785	4.2	7/9/2021	
2.2	<a href="#">Warrant Agreement between Broadstone and Continental Stock Transfer &amp; Trust Company, dated as of September 10, 2020.</a>	F-4	333-257785	4.4	7/9/2021	
2.3	<a href="#">Assignment, Assumption and Amendment Agreement (Warrant Agreement) dated December 15, 2021, between Vertical Aerospace Ltd. and Continental Stock Transfer &amp; Trust Company, dated as of September 10, 2020.</a>	20-F	001-41169	2.3	4/29/2022	
2.4	<a href="#">Warrant Agreement between Mudrick Capital Management L.P. and Vertical Aerospace Ltd. dated as of October 26, 2021.</a>	F-1	333-262207	4.8	1/18/2022	
2.5	<a href="#">Indenture December 16, 2021, between Vertical, Broadstone as guarantor, VAGL as guarantor and U.S. Bank National Association as trustee and collateral agent for the Convertible Senior Secured Notes.</a>	20-F	001-41169	2.5	4/29/2022	
2.6	<a href="#">First Supplemental Indenture, dated December 23, 2024, between Vertical and U.S. Bank Trust Company, National Association.</a>	6-K	001-41169	4.1	12/23/2024	
2.7	<a href="#">Second Supplemental Indenture, dated December 23, 2024, between Vertical and U.S. Bank Trust Company, National Association.</a>	6-K	001-41169	4.2	12/23/2024	
2.8	<a href="#">Waiver, dated December 23, 2024, of Mudrick Capital Management L.P.</a>	6-K	001-41169	4.3	12/23/2024	
2.9	<a href="#">American Warrant Instrument dated December 16, 2021 and as amended on July 15, 2022, by and among Vertical, Broadstone, the Sponsor, Merger Sub, VAGL and other parties listed therein.</a>	F-1	333-266643	4.6	8/8/2022	
2.10	<a href="#">Avolon Warrant Instrument dated December 16, 2021, by and among Vertical, Broadstone, the Sponsor, Merger Sub, VAGL and other parties listed therein.</a>	20-F	001-41169	4.8	4/29/2022	
2.11	<a href="#">Virgin Atlantic Warrant Instrument, dated October 29, 2021, by and among Vertical, Broadstone, the Sponsor, Merger Sub, VAGL and other parties listed therein.</a>	F-4	333-257785	10.20	11/1/2021	
2.12†	<a href="#">SF Warrant Instrument, dated March 13, 2024.</a>	6-K	001-41169	99.1	3/13/2024	
2.13	<a href="#">Warrant Agreement, dated January 23, 2025, by and between Vertical and Continental Stock Transfer &amp; Trust Company, LLC.</a>	6-K	001-41169	4.1	1/23/2025	
2.14	<a href="#">Description of Securities</a>					*
4.1	<a href="#">Registration Rights Agreement dated December 15, 2021, by and among Vertical, Sponsor, Broadstone and other parties as set forth therein.</a>	20-F	001-41169	4.2	4/29/2022	



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Exhibit No.	Description	Incorporation by Reference				Filed / Furnished
		Form	File No.	Exhibit No.	Filing Date	
4.2††	<a href="#">Amended and Restated Vertical Aerospace Ltd. 2021 Incentive Award Plan, dated as of September 20, 2024.</a>					*
4.3††	<a href="#">Form of Vertical Aerospace Ltd. Replacement Enterprise Management Incentive Option Agreements.</a>	S-8	333-263815	4.4	3/24/2022	
4.4	<a href="#">Call Option Agreement dated December 16, 2021, by and among American and VAGL.</a>	20-F	001-41169	4.12	4/29/2022	
4.5	<a href="#">Avolon Partnership Agreement, dated March 16, 2021, between VAGL and Avolon Aerospace Leasing Limited.</a>	F-4	333-257785	10.15	8/24/2021	
4.6	<a href="#">Rent Deposit Deed, dated July 15, 2021, between Anthony Nigel Samson, VAGL and Imagination Industries Limited.</a>	F-4	333-257785	10.16	8/24/2021	
4.7	<a href="#">Licence to Assign, dated July 15, 2021, between Anthony Nigel Samson, Vertical, Imagination Industries Limited and VAGL.</a>	F-4	333-257785	10.17	8/24/2021	
4.8	<a href="#">Form of Indemnification and Advancement Agreement.</a>					*
4.9††	<a href="#">Form of Director Appointment Letter.</a>	F-1	333-262207	10.23	1/18/2022	
4.10	<a href="#">Amended and Restated Share Purchase Agreement, dated September 22, 2022, between Vertical and Nomura Securities International, Inc.</a>	20-F	001-41169	4.12	3/22/2023	
4.11	<a href="#">Registration Rights Agreement, dated August 5, 2022, between Vertical and Nomura Securities International, Inc.</a>	F-1	333-266643	10.19	8/8/2022	
4.12†	<a href="#">Investment Agreement, dated February 22, 2024, between Vertical and Imagination Aero Investments Limited.</a>	6-K	001-41169	99.1	2/23/2024	
4.13	<a href="#">Registration Rights Agreement, dated March 13, 2024, between Vertical and Imagination Aero Investments Limited.</a>	6-K	001-41169	99.3	3/13/2024	
4.14†	<a href="#">Forbearance Agreement, dated December 15, 2024, by and among Vertical, VAGL, Mudrick Capital Management L.P., Stephen Fitzpatrick and Imagination Aero Investments Limited.</a>	6-K	001-41169	99.1	12/20/2024	
4.15†	<a href="#">Investment Agreement, dated December 20, 2024, by and among Vertical Aerospace Ltd., Vertical Aerospace Group Ltd., Mudrick Capital Management L.P., Stephen Fitzpatrick and Imagination Aero Investments Limited.</a>	6-K	001-41169	99.2	12/20/2024	
4.16	<a href="#">Registration Rights Agreement, dated December 23, 2024, between Vertical and Mudrick Capital Management L.P.</a>	6-K	001-41169	99.4	12/23/2024	
4.17	<a href="#">Shareholder Letter Agreement, dated December 23, 2024, by and among Vertical, Mudrick Capital Management L.P., Stephen Fitzpatrick and Imagination Aero Investments Limited.</a>	6-K	001-41169	99.1	12/23/2024	
8.1	<a href="#">List of Subsidiaries.</a>					*
11.1	<a href="#">Insider Trading Policy</a>	20-F	001-41169	11.1	3/14/2024	
12.1	<a href="#">Principal Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>					*

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Exhibit No.	Description	Incorporation by Reference				Filed / Furnished
		Form	File No.	Exhibit No.	Filing Date	
12.2	<a href="#">Principal Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>					*
13.1	<a href="#">Principal Executive Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>					**
13.2	<a href="#">Principal Financial Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>					**
15.1	<a href="#">Consent of PricewaterhouseCoopers LLP, an independent registered public accounting firm.</a>					*
97.1	<a href="#">Policy Relating to Recovery of Erroneously Awarded Compensation</a>	20-F	001-41169	97.1	3/14/2024	
101.INS	Inline XBRL Instance Document.					*
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					*
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document.					*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.					*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					*
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).					*

\* Filed herewith.

\*\* Furnished herewith.

† Certain personal information has been redacted from this exhibit pursuant to Item 601(a)(6) of Regulation S-K.

†† Indicates a management contract or compensatory plan.

Certain agreements filed as exhibits to this Annual Report contain representations and warranties that the parties thereto made to each other. These representations and warranties have been made solely for the benefit of the other parties to such agreements and may have been qualified by certain information that has been disclosed to the other parties to such agreements and that may not be reflected in such agreements. In addition, these representations and warranties may be intended as a way of allocating risks among parties if the statements contained therein prove to be incorrect, rather than as actual statements of fact. Accordingly, there can be no reliance on any such representations and warranties as characterizations of the actual state of facts. Moreover, information concerning the subject matter of any such representations and warranties may have changed since the date of such agreements.

**SIGNATURES**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

**Vertical Aerospace Ltd.**

Date: March 11, 2025

By: /s/ Stuart Simpson

Name: Stuart Simpson

Title: Chief Executive Officer

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## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Vertical Aerospace Ltd.

### *Opinion on the Financial Statements*

We have audited the accompanying consolidated statement of financial position of Vertical Aerospace Ltd. and its subsidiaries (the “Group”) as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for each of the three years in the period ended December 31, 2024, including the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### *Substantial Doubt about the Group’s Ability to Continue as a Going Concern*

The accompanying consolidated financial statements have been prepared assuming that the Group will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Group is not currently generating revenue, since inception has incurred net losses and net cash outflows from operating activities, has a net shareholders’ deficit, requires additional capital to continue to fund its ongoing operations, and has stated that these events or conditions indicate 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. Management’s plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### *Change in Accounting Principle*

As discussed in Note 2 to the consolidated financial statements, the Group changed the manner in which it accounts for derivative financial liabilities in 2024.

### *Basis for Opinion*

These consolidated financial statements are the responsibility of the Group’s management. Our responsibility is to express an opinion on the Group’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Group is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP  
Bristol, United Kingdom  
March 11, 2025

We have served as the Group’s auditor since 2017.

**Vertical Aerospace Ltd****Consolidated Statement of Comprehensive Income for the Years Ended December 31, 2024, December 31, 2023 and December 31, 2022**

	Note	2024 £ 000	2023 £ 000	2022 £ 000
Research and development expenses	6	(59,888)	(65,373)	(49,129)
Administrative expenses	6	(43,411)	(40,818)	(54,806)
Related party administrative expenses	6	(1,280)	(83)	(83)
Other operating income	5	43,412	4,326	5,911
Operating loss		(61,167)	(101,948)	(98,107)
Finance income	7	2,641	35,801	32,226
Finance costs	7	(34,946)	(16,460)	(28,494)
Related party finance costs	7	(687,723)	—	—
Net finance (costs)/ income	7	(720,028)	19,341	3,732
Loss before tax		(781,195)	(82,607)	(94,375)
Income tax (expense)/credit	9	(45)	22,661	—
Net loss for the year		(781,240)	(59,946)	(94,375)
Other Comprehensive income:				
Change in fair value from own credit risk		22,293	—	—
Foreign exchange translation differences		2,426	(6,881)	8,450
Other comprehensive income/(loss) for the year		24,719	(6,881)	8,450
Total comprehensive loss for the year		(756,521)	(66,827)	(85,925)
		£	£	£
Basic and diluted loss per share	8	(38.46)	(3.13)	(5.26)

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

Foreign exchange translation differences may be reclassified to profit or loss.

Vertical Aerospace Ltd

Consolidated Statement of Financial Position as at December 31, 2024 and December 31, 2023

	Note	December 31, 2024 £ 000	December 31, 2023 £ 000	January 1, 2023 £ 000
<b>Non-current assets</b>				
Property, plant and equipment	10	3,078	3,821	2,690
Right of use assets	11	1,969	2,453	3,121
Intangible assets	12	132	1,018	2,048
		<u>5,179</u>	<u>7,292</u>	<u>7,859</u>
<b>Current assets</b>				
Trade and other receivables	14	18,297	26,413	18,864
Financial assets at amortized cost		—	—	59,886
Restricted cash	13	1,700	1,700	1,700
Cash and cash equivalents	13	22,556	48,680	62,927
		<u>42,553</u>	<u>76,793</u>	<u>143,377</u>
Total assets		<u>47,732</u>	<u>84,085</u>	<u>151,236</u>
<b>Equity</b>				
Share capital	15	55	17	16
Other reserve	15	99,299	86,757	94,857
Treasury share reserve	15	(803)	—	—
Share premium	15	554,391	257,704	257,197
Accumulated deficit		(1,152,283)	(394,257)	(344,752)
Total Shareholder's (deficit)/equity		<u>(499,341)</u>	<u>(49,779)</u>	<u>7,318</u>
<b>Non-current liabilities</b>				
Lease liabilities	17	1,620	1,977	2,645
Provisions	18	620	256	365
Trade and other payables	19	3,991	3,922	4,153
		<u>6,231</u>	<u>6,155</u>	<u>7,163</u>
<b>Current liabilities</b>				
Derivative financial liabilities	23	524,242	109,291	115,247
Lease liabilities	17	581	643	516
Warrant liabilities	20	434	907	4,961
Trade and other payables	19	15,585	16,868	16,031
		<u>540,842</u>	<u>127,709</u>	<u>136,755</u>
Total liabilities		<u>547,073</u>	<u>133,864</u>	<u>143,918</u>
Total equity and liabilities		<u>47,732</u>	<u>84,085</u>	<u>151,236</u>

Amendments to IAS 1 with respect to the classification of liabilities as current or non-current, effective for periods beginning on or after 1 January 2024, have been applied retrospectively in accordance with IAS 8. Derivative financial liabilities have therefore been reclassified from non-current liabilities to current liabilities for all periods presented. In accordance with IAS 1, the Company has also presented a third balance sheet at the beginning of the comparative period 1 January 2023.

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

Vertical Aerospace Ltd

Consolidated Statement of Cash Flows for the Year Ended December 31, 2024, December 31, 2023 and December 31, 2022

	Note	2024 £ 000	2023 £ 000	2022 £ 000
<b>Cash flows from operating activities</b>				
Net loss for the year		(781,240)	(59,946)	(94,375)
Adjustments to cash flows from non-cash items				
Depreciation and amortization	10,12	1,973	2,056	1,772
Depreciation on right of use assets	11	730	658	410
Net finance costs/(income)	7	720,029	(19,341)	(3,174)
Share based payment transactions	6	7,486	8,816	23,189
Goodwill impairment	12	—	—	1,473
Income tax expense/(credit)	9	45	(22,661)	—
Non-cash gain (settled in treasury shares)		(803)	—	—
		<u>(51,780)</u>	<u>(90,418)</u>	<u>(70,705)</u>
Working capital adjustments				
(Increase)/decrease in trade and other receivables	14	(7,768)	3,793	(6,206)
(Decrease)/increase in trade and other payables	19	(2,583)	606	(26,803)
Income taxes received		15,838	11,319	—
Net cash flows used in operating activities		<u>(46,293)</u>	<u>(74,700)</u>	<u>(103,714)</u>
<b>Cash flows from investing activities</b>				
Decrease/ (increase) in financial assets at amortized cost	13	—	59,669	(59,250)
Acquisitions of property plant and equipment	10	(428)	(2,102)	(1,436)
Acquisition of intangible assets	12	—	(159)	(571)
Rent guarantee deposits	13	—	—	(1,700)
Interest received		2,162	3,972	—
Net cash flows from/(used in) investing activities		<u>1,734</u>	<u>61,380</u>	<u>(62,957)</u>
<b>Cash flows from financing activities</b>				
Proceeds from share issuance		—	838	7,733
Proceeds from issues of shares to related party	26	15,629	—	—
Proceeds from issues of warrants to related party	26	3,907	—	—
Payments to lease creditors	17	(771)	(669)	(484)
Net cash flows generated from financing activities		<u>18,765</u>	<u>169</u>	<u>7,249</u>
Net decrease in cash at bank		<u>(25,794)</u>	<u>(13,151)</u>	<u>(159,422)</u>
Cash at bank as at January 1		48,680	62,927	212,660
Effect of foreign exchange rate changes		(330)	(1,096)	9,689
Cash at bank as at December 31		<u>22,556</u>	<u>48,680</u>	<u>62,927</u>

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



Vertical Aerospace Ltd

Consolidated Statement of Changes in Equity for the Year Ended December 31, 2024, December 31, 2023 and December 31, 2022

	Note	Share capital £ 000	Share premium £ 000	Other reserves £ 000	Accumulated deficit £ 000	Total £ 000	
At January 1, 2022		16	248,354	63,314	(250,123)	61,561	
Loss for the year		—	—	—	(94,375)	(94,375)	
Translation differences		—	—	8,450	—	8,450	
Total comprehensive loss		—	—	8,450	(94,375)	(85,925)	
Exercise of warrants and options	20	—	342	(276)	—	66	
Reclassification of warrants	20	—	—	1,010	—	1,010	
Share issuances under equity subscription line	15	—	7,734	—	—	7,734	
Share based payment transactions	22	—	767	22,359	(254)	22,872	
At December 31, 2022		16	257,197	94,857	(344,752)	7,318	
	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 year		—	—	—	(59,946)	(59,946)	
Translation differences		—	—	(6,881)	—	(6,881)	
Total comprehensive loss		—	—	(6,881)	(59,946)	(66,827)	
Exercise of options	20	1	796	—	—	797	
Share based payment transactions	22	—	(289)	8,935	287	8,933	
Transfer of reserves		—	—	(10,154)	10,154	—	
At December 31, 2023		17	257,704	86,757	(394,257)	(49,779)	
	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 year		—	—	—	—	(781,240)	(781,240)
Change in fair value from own credit risk	23	—	—	—	22,293	—	22,293
Translation differences		—	—	—	2,426	—	2,426
Total comprehensive loss		—	—	—	24,719	(781,240)	(756,521)
Share based payment transactions	22	—	—	—	7,130	—	7,130
Share issuance to related party	15,26	—	15,629	—	—	—	15,629
Issuance of warrants to related party	15,26	—	—	—	3,907	—	3,907
Return of Company's ordinary shares	5,15	—	—	(803)	—	—	(803)
Transfer of other reserves upon extinguishment of convertible loan notes		—	—	—	(22,293)	22,293	—
Partial conversion of convertible loan notes	15,23	38	280,567	—	—	—	280,605
Transfer of reserves		—	491	—	(921)	921	491
At December 31, 2024		55	554,391	(803)	99,299	(1,152,283)	(499,341)

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

## Vertical Aerospace Ltd

### Notes to the Financial Statements for the Year Ended December 31, 2024

#### 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 where otherwise indicated.

These financial statements were authorized for issue by the Board of Directors, pursuant to delegated authority to the Company’s Chief Executive Officer and member of the Board, on March 11, 2025.

#### 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 Material accounting policies

##### Presentation of these financial statements

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

##### Basis of preparation

The consolidated financial statements have 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 or loss.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company’s accounting policies.

The functional currency of the Company is US Dollars (‘\$’ or ‘USD’) and the functional currency of VAGL is pounds sterling (‘£’ or ‘GBP’). The financial statements are presented in pounds sterling (‘£’ or ‘GBP’), which is the Group’s presentation currency. Items included in the financial statements are measured using the currency of the primary economic environment in which the entity and its subsidiaries operate (“the functional currency”). Cumulative translation adjustments resulting from translating foreign functional currency financial statements into GBP are reported within other reserves.

All amounts are presented in and rounded to the nearest thousand unless otherwise indicated.

##### Basis of consolidation

Vertical Aerospace Ltd is the parent of the Group and has 100% ownership interest and voting rights of Vertical Aerospace Group Ltd, 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.

**Vertical Aerospace Ltd**

**Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)**

**2 Material accounting policies (continued)**

**Summary of material accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**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 approving 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 December 31, 2024, the Group had £22.5 million of cash and cash equivalents on hand and a net shareholders' deficit of £492 million. As at the date of this report, the Group had approximately £77 million of cash and cash equivalents on hand.

On December 20, 2024, the Company entered into an investment agreement (the "Investment Agreement"), by and among the Company, VAGL, a wholly owned subsidiary of the Company, Imagination Aero Investments Limited ("Imagination Aero"), a company wholly owned by Stephen Fitzpatrick, and Mudrick Capital, which set forth, among other things, a commitment from Mudrick Capital to fund up to \$50 million to the Company in its subsequent funding round (the "2025 Offering"), with \$25 million funded on a non-contingent basis, and a backstop commitment for an amount up to an additional \$25 million to be funded by Mudrick Capital if the Company was not able to raise such amount in the 2025 Offering.

The Company launched the 2025 Offering in January 2025, which culminated in the closing of a \$90 million underwritten public offering on January 24, 2025, before deducting underwriting discounts and commissions and other offering expenses. This included \$25 million from Mudrick Capital as previously committed, on a non-contingent basis, as of the Investment Agreement.

As of the issuance of these financial statements, the Group had approximately £77 million of cash and cash equivalents on hand. To position itself to deliver upon its stated operational objectives, management currently projects its net cash outflows from operations within the next 12 months after issuance of these financial statements to be approximately £100 million, which will be used primarily to fund the creation and testing of the prototype aircraft.

Accordingly, the Group projects that its current existing resources will only be sufficient to fund its ongoing operations into, but no longer than, the fourth quarter of 2025. The Group requires additional capital to continue to fund its ongoing operations beyond that point.

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 fourth quarter of 2025 unless additional capital is raised. 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. An event of default would result in the Convertible Senior Secured Notes being due immediately to which the Group does not have sufficient funds to repay.

The Group's ability to continue as a going concern is highly dependent on its ability to secure funds from additional funding rounds in 2025 to finance the Group's ongoing operations. Management is committed to continue to raise additional funds and may seek to issue further equity in doing so. Although the Group plans to raise additional funds over the course of the next twelve months there can be no assurance that the Group will be able to raise additional funds on acceptable terms (or on necessary timelines) to provide sufficient

**Vertical Aerospace Ltd**

**Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)**

**2 Material accounting policies (continued)**

funds to meet the Group's ongoing funding requirements. The timely completion of financing in 2025 is critical to the Group's ability to continue as a going concern. The inability to obtain future funding could impact on 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 realize the assets and discharge the liabilities in the normal course of business. The consolidated financial statements have been prepared assuming that the Group will continue as a going concern, which contemplates the continuity of operations, realization 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.

**Changes in accounting policy**

The Group adopted the following amendments for the first time during the period commencing January 1, 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1;
- Lease Liability in Sale and Leaseback – Amendments to IFRS 16; and
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

The amendments 'Classification of liabilities as current or non-current' to IAS 1 require that, for an entity to classify a liability as non-current, the entity must have the right at the reporting date to defer settlement of the liability for at least twelve months after that date. The amendments affect the classification as current or non-current for liabilities with conversion options, which give a right to the holder to exercise the option any time up to its maturity date, that are classified as derivative liabilities.

The conversion option embedded within the Convertible Senior Secured Notes may be exercised any time before the maturity of the liability and the Company does not have the right to defer settlement of the liability for at least twelve months after the end of the reporting period. As a result, the Convertible Senior Secured Notes are classified as current, which prior to the amendments, were classified as non-current.

The amendments are effective retrospectively. Therefore, the Company has restated the classification of derivative financial liabilities as current, from non-current for the year ended December 31, 2023 (£109,291 thousand) and January 1, 2023 (£115,247 thousand).

There is no impact on equity and liabilities, comprehensive loss for the year and comparative period, or basic and diluted earnings per share.

The amendments to IFRS 16, IAS 7 and IFRS 7 listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

No accounting standards and interpretations that have been published but not effective for periods ending December 31, 2024 have been early adopted by the Group or are expected to have a material impact on the Group.

**Government grants**

Government grants are recognized as Other operating income and are recognized in the period when the expense to which the grant relates is incurred. Grants are only recognized when there is a signed grant offer letter or equivalent from the government body and there is reasonable assurance that the Group will be able to satisfy all conditions of the grant.

**Vertical Aerospace Ltd**

**Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)**

**2 Material accounting policies (continued)**

**Research and development tax relief**

As a Group that carries out extensive research and development activities, the Group benefits from U.K. research and development tax reliefs.

At the Spring Budget 2023 the U.K. government confirmed a higher rate of payable tax credit for loss-making research and development intensive small and medium enterprises (“SME”) would be introduced and would apply to expenditure incurred on or after April 1, 2023. SME companies for which qualifying research and development expenditure constitutes at least 40% of total expenditure can claim a higher payable credit rate of 14.5% for qualifying research and development expenditure.

At the Autumn Statement 2023, the U.K. government announced the merging of the current SME and RDEC schemes into one scheme with a headline rate of relief of 20%. The merged scheme will take effect for accounting periods beginning on or after April 1, 2024 and run alongside the intensive SME rate that commenced on April 1, 2023.

At the Autumn Budget 2024, the U.K. government announced that R&D reliefs will be maintained, including the rates for both the merged scheme and the intensive SME scheme.

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.

SME relief is recorded either as a reduction in its income tax liability or as a credit, whilst credits the Company receives under RDEC scheme claim are classed as taxable income.

**Research and development expenses**

Research expenditure is charged to profit or loss in the period in which it occurred.

Development expenditure is recognized as an intangible asset when it is probable that the project will generate future economic benefit, considering factors such as technological, commercial and regulatory feasibility. Other development expenditure is charged to profit or loss in the period in which it occurred.

The amounts included in research and development expenses include staff costs for staff working directly on research and development projects and for expenses directly attributable to a research project, excluding software costs.

**Finance income and costs**

Finance income and costs includes the fair value movement on publicly traded warrants and convertible loan notes. Finance costs includes interest payable and is recognized in profit or loss using the effective interest method. Interest income is recognized in profit or loss as it accrues, using the effective interest method.

**Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year - end exchange rates, are recognized in profit or loss. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences arising from the consolidation of subsidiaries whose functional currency differs to the presentational currency of the group are recorded within other comprehensive income.

**Vertical Aerospace Ltd**

**Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)**

**2 Material accounting policies (continued)**

The most important exchange rates that have been used in preparing the financial statements are:

Closing rate as at December 31, 2024: USD \$1 = GBP £0.7981 (2023: £0.7845)

Average rate for the year ending December 31, 2024: USD \$1 = GBP £0.7825 (2023: £0.8042)

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

**Tax**

The tax expense for the period comprises current tax and deferred tax. Tax is recognized in profit or loss, except that a change attributable to an item of income or expense recognized as other comprehensive income is also recognized directly in other comprehensive income.

The current income tax charge is calculated based on tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

**Property, plant and equipment**

Property, plant and equipment is stated at cost, which includes directly attributable incremental costs incurred in their acquisition and installation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Vertical Aerospace Ltd

Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)

2 Material accounting policies (continued)

**Depreciation**

Depreciation is charged to write off the cost of assets over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Leasehold improvements	Straight line over term of lease
Office equipment	3 years straight line
Plant and machinery	5 years straight line
Vehicles	10 years straight line

**Intangible assets**

Intangible assets are carried at cost, less accumulated amortization and impairment losses.

Computer software licenses acquired for use within the Company are capitalized as an intangible asset on the basis of the costs incurred to acquire and bring to use the specific software.

**Amortization**

Amortization is provided on intangible assets so as to write off the cost on a straight-line basis, less any estimated residual value, over their expected useful economic life as follows:

<b>Asset class</b>	<b>Amortization method and rate</b>
IT software	3 years straight line

**Cash and cash equivalents**

Cash at bank is held on deposit with financial institutions located within the United Kingdom and is immediately available. Management has assessed the financial institutions that hold the Company's cash at bank to be financially sound, with minimal credit risk in existence. The cash at bank excludes restricted cash deposits, which are subject to restrictions and are therefore not available for general use.

**Restricted cash**

The Company presents restricted cash as a separate line item on the balance sheet where this is relevant to an understanding of the Group's financial position. Restricted cash refers to deposits held for specific reasons and is, therefore, not available for immediate ordinary business use.

**Short term deposits**

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest.

**Vertical Aerospace Ltd**

**Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)**

**2 Material accounting policies (continued)**

**Trade and other receivables**

Trade receivables are amounts due from third parties in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established using an expected credit loss model as per the Group's accounting policy for the impairment of financial assets.

**Trade and other payables**

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

**Borrowings**

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortized cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognized as a charge to profit or loss over the period of the relevant borrowing using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

**Provisions**

Provisions are recognized when the company has a present obligation (legal or constructive) resulting from a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

**Leases**

*Definition*

A lease is a contract, or part of a contract, which conveys the right to use an asset or a physically distinct part of an asset ('the underlying asset') for a period of time in exchange for consideration. Further, the contract must convey the right to the company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset, if throughout the period of use, the company has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset, and;
- Direct the use of the underlying asset (for example, directing how and for what purpose the asset is used).

*Initial recognition and measurement*

The company initially recognizes a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.



**Vertical Aerospace Ltd**

**Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)**

**2 Material accounting policies (continued)**

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where reasonably certain), expected amount of residual value guarantees, termination option penalties (where reasonably certain) and variable lease payments that depend on an index or rate.

The right of use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs and an estimate of restoration, removal and dismantling costs.

*Subsequent measurement*

After the commencement date, the company measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance costs in profit or loss, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

**Right-of-use assets**

The related right-of-use asset is accounted for using the cost model in IFRS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, Plant and Equipment. Adjustments are made to the carrying value of the right - of - use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of Assets as disclosed in the accounting policy in impairment.

*Short term and low value leases*

The company has made an accounting policy election, by class of underlying asset, not to recognize lease assets and lease liabilities for leases with a lease term of 12 months or less (short term leases).

The company has made an accounting policy election on a lease-by-lease basis, not to recognize lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight-line bases over the term of the lease or other systematic basis. Short term and low value lease payments are included in operating expenses.

**Impairment (non-financial assets)**

All assets are reviewed for impairment when there is an indicator of impairment. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets are reviewed for possible reversal of the impairment at the end of each reporting period.

**Vertical Aerospace Ltd**

**Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)**

**2 Material accounting policies (continued)**

**Share capital and reserves**

Ordinary shares are classified as equity and share capital is carried at par value. Share capital issued meets the definition of an equity instrument as defined in *IAS 32 'Financial Instruments'* when the contract evidences a residual interest in the assets of the Company after deducting all of its liabilities. Incremental costs directly attributable to the issue of shares are accounted for as a deduction from consideration received, and are recorded in share premium. Share premium reflects the proceeds received (net of allowable costs) in excess of the par value.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Where the Company purchases its own equity instruments, for example as the result of a share buy-back, the consideration paid, including any directly attributable incremental costs (net of income taxes), is recorded as a reduction in stockholders' equity, as treasury shares, until the shares are cancelled or reissued.

**Employee Benefits**

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and the Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as an employee benefit expense when they are due.

For defined contribution plans, contributions are paid into publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognized as an employee benefit expense when they are due.

Liabilities for wages and salaries, including non-monetary benefits and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as accruals and classified as current liabilities in the balance sheet.

**Share based payments – Enterprise Management Incentive and 2021 Incentive Plan**

The Company operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (share options or shares). The fair value of the employee services received in exchange for the grant of shares is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the shares granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions.

Non-market performance and service conditions are included in the assumptions about the number of shares that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore, the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

**Vertical Aerospace Ltd**

**Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)**

**2 Material accounting policies (continued)**

At the end of each reporting period, the Company revises its estimates of the number of shares that are expected to vest based on the non-market vesting conditions. The Company recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

See note 22 for further details.

**Financial instruments**

Financial instruments are contracts that give rise to a financial asset for one entity and to a financial liability or equity instrument for another entity. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the settlement date. The company recognizes financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument. Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Financial assets

The Group's financial assets include cash at bank and other financial assets. Financial assets are initially measured at fair value plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs. Trade receivables are measured at their transaction price.

For all financial assets the Group has the objective to hold financial assets in order to collect the contractual cash flows. The contractual terms of all the Group's financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding amount. All financial assets are therefore measured at amortized cost.

Impairment of financial assets — expected credit losses (“ECL”)

All financial assets measured at amortized cost are required to be impaired at initial recognition in the amount of their expected credit loss (“ECL”), based on the difference between the contractual and expected cash flows.

The simplification available for financial instruments with a low credit risk (“low credit risk exemption”) is applied as of the reporting date. Factors that can contribute to a low credit risk assessment are debtor specific rating information and related outlooks. The requirement for classification with a low credit risk is regarded to be fulfilled for counterparties that have at least an investment grade rating; in this case there is no need to monitor credit risks for financial instruments with a low credit risk.

Financial liabilities

The Group's financial liabilities include warrants, lease liabilities, convertible loans, trade and other payables, and other financial liabilities. Financial liabilities are classified as measured at amortized cost or fair value through profit or loss (“FVTPL”). All financial liabilities are recognized initially at fair value less, in the case of a financial liability not at fair value through profit or loss, directly attributable transaction costs.

**Vertical Aerospace Ltd**

**Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)**

**2 Material accounting policies (continued)**

Financial liabilities at FVTPL are measured at fair value and gains and losses resulting from changes in fair value are recognized in finance income/expenses. The Group only accounts for convertible loans and warrants as a financial liability at FVTPL. All other financial liabilities are subsequently measured at amortized cost.

For financial liabilities for which the fair value option is elected, the Company separately presents in Other Comprehensive Income the portion of the total fair value change attributable to Company-specific credit risk as opposed to reflecting the entire amount in the profit or loss for the period. The Company measures the portion of the change in fair value attributable to Company-specific credit risk as the excess of total change in fair value over the change in fair value that results from a change in a base market risk, including a risk-free interest rate and benchmark rates.

An embedded derivative in a hybrid contract, with a financial liability or a non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. The assessment of whether to separate an embedded derivative is done only once at initial recognition of the hybrid contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of a transferred or extinguished financial liability and the paid consideration, inclusive of any non-cash assets transferred or liabilities assumed, is recognized in profit or loss within finance income and costs.

Convertible Loans

Convertible loans are bifurcated into a debt component and a conversion right if the latter is an equity instrument. The conversion right of a convertible loan is not an equity instrument but a liability if some conversion features of the loan lead to a conversion into a variable number of shares and this does not retain the relative rights of the ordinary shareholders and convertible loan note holders. In this case it has to be assessed if embedded derivatives need to be separated from the host contract. If this is the case, the remaining host contract is measured at amortized cost and the separated embedded derivative is measured at fair value through profit or loss until the loan is converted into equity or becomes due for repayment. The conversion features and other repayment options provided for in the contract are identified as a combined embedded derivative if they share the same risk exposure and are interdependent.

Alternatively, when a host contract contains separable embedded derivative(s), the issuer can elect to adopt fair value measurement for the entire instrument. The Group have previously taken that policy choice. Where a convertible loan note permits payment of interest as cash interest or in-kind interest, there is some judgment over whether each note issued for the in-kind interest should be assessed separately for whether it would convert into a variable number of shares, or whether the fact that the number of shares issued on conversion will change based on the period the loan note remains outstanding and to the extent that in-kind interest is chosen instead of cash interest. Certain clauses were amended or removed as a result of the supplemental indenture, and therefore the Group were required to revisit their accounting policy on recognition of the modified loan note. The option to choose cash or in-kind interest means that the holders still have a conversion right that will lead to a variable number of shares, and that conversion will not retain the relative rights of the shareholders and noteholders since recognition of the modified instrument. Therefore, the Group has concluded that the conversion right is not an equity instrument and have continued to adopt a policy of fair valuing the whole instrument.

**Vertical Aerospace Ltd**

**Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)**

Warrant Liabilities

Public warrants are recognized as liabilities in accordance with IFRS 9 at fair value. The liabilities are subject to re-measurement at each balance sheet date until exercised. Private warrants linked to sales targets are recognized within equity as these satisfy the “fix to fix” criterion within IAS 32.

**2 Material accounting policies (continued)**

Fair value measurements

IFRS 13 clarifies that fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, determined based on assumptions that market participants would use in pricing an asset or liability. A three-tier hierarchy is established as follows:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

Level 2 Other than quoted prices included in level 1, inputs that are observable for the asset or liability, either directly or indirectly, for suitability for the full term of the asset or liability.

Level 3 Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

**Newly adopted accounting policies**

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

**Reverse Stock Split**

On September 16, 2024, the shareholders of the Company authorized the Board of Directors to affect a reverse stock split of all outstanding shares of common stock. On September 16, 2024, the Board of Directors approved the implementation of a reverse stock split at a ratio of one-for-ten shares, which became effective on September 20, 2024.

The Company’s outstanding stock-based awards, including options, restricted stock units and warrants, were also adjusted to reflect the one-for-ten reverse stock split of the Company’s common stock. Outstanding stock-based award units were proportionately reduced and the respective exercise prices, if applicable, were proportionately increased. The reverse stock split affected all shareholders uniformly and did not alter any shareholder’s percentage interest in the Company’s equity. No fractional shares were issued in connection with the reverse stock split. Shareholders who would otherwise be entitled to a fractional share of common stock were instead entitled to receive a pro rata portion of the net proceeds obtained from the aggregation and sale of the fractional shares resulting from the reverse stock split (reduced by any customary brokerage fees, commissions and other expenses).

The reverse stock split resulted in a proportional decrease in the number of authorized ordinary shares and preferred shares, and a proportional increase in the par value of the ordinary shares and preferred shares, in each case in accordance with the reverse stock split ratio. All share and per share amounts in these consolidated financial statements and related notes hereto have been retrospectively adjusted to account for the effect of the reverse stock split.

**Vertical Aerospace Ltd**

**Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)**

**3 Critical accounting judgments and key sources of estimation uncertainty**

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements 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 the valuations of derivative liabilities including the Convertible Senior Secured Notes. During the period the Company introduced an adjustment to the credit spread used in the estimation of the fair value of Convertible Senior Secured Notes to reflect changes in company-specific credit risk during the period.

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.

Critical accounting judgments relating to research and development tax relief

Research and development tax relief supports companies that work on innovative projects in science and technology. HM Revenue & Customs administers two such tax relief schemes: one aimed at small and medium-sized enterprises (SME); and the R&D expenditure credit scheme (RDEC), aimed at large companies and other companies that aren't eligible for SME relief. The definition of a large company is based on staff, turnover and balance sheet measures, and includes that of any linked or partner companies.

In some cases, the complexity of ownership structures and investment relationships may mean that it is not possible to determine with certainty if a relationship results in a linked or partner company. Management has concluded that whilst the Company itself does not meet the definition of a large Company, as a result of the transactions contemplated under the Investment Agreement on December 23, 2024, it cannot determine with certainty, as at the date of this report, if any relationships exist that result in the presence of any linked or partner companies that would cause the Company to be defined as a large company. Absent of such certainty, the Company has recognized tax relief solely on the basis of the RDEC scheme.

A company is considered R&D intensive where its qualifying R&D expenditure is 40% or more of its total expenditure (the 'intensity threshold'). Companies meeting this intensity threshold are able to claim enhanced support using a higher rate of credit. The Company has determined its eligibility for enhanced support based upon Total administrative & research and development expenses taken from the Consolidated Statement of Comprehensive Income.

To qualify for tax relief the work must be part of a specific project to make an advance in science or technology. This definition is based on an international standard. Certain indirect activities related to the project are also qualifying where such activities form part of a project but do not directly contribute to the resolution of the scientific or technological uncertainty. An appropriate proportion of the staffing cost can be qualifying expenditure if the employee is only partly directly and actively involved in relevant research and development activity. Management have applied judgment in determining the proportion of research and development staff costs incurred on non-qualifying activities and the extent of administrative staff costs relating to qualifying indirect activities.

Critical accounting judgments relating to modification of incentive programs

In relation to the 2021 Incentive Plan on December 19, 2023 and in relation to Enterprise Management Initiative (EMI) option agreements on March 15, 2022 the Company entered into option agreements with certain employees of the Group as replacement option agreements for share options previously granted over shares in the Company.

New equity instruments were granted to eligible employees and on the respective date of award, the Company identified the new option agreements granted as replacement option agreements for the respective option agreements cancelled. As such the granting of these replacement option agreements has been accounted for in the same way as a modification of the original grant of equity instruments.

**Vertical Aerospace Ltd**

**Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)**

**3 Critical accounting judgments and key sources of estimation uncertainty (continued)**

It has been concluded that these modifications increased the fair value of the option agreements granted, measured immediately before and after the modification, and therefore the Company has subsequently included the incremental fair value granted in the measurement of the amount recognized for services received as consideration for the option agreements granted.

The incremental fair value granted is the difference between the fair value of the replacement option agreements and the net fair value of the cancelled option agreements, at the date the replacement equity instruments were granted – see note 22 for further details.

Key sources of estimation uncertainty relating to the 2021 Incentive Plan

During the year ended December 31, 2022 the Board of Directors adopted the “2021 Incentive Award Plan” in order to facilitate the grant of cash and equity incentives to employees. The share options were given to employees of VAGL in relation to shares in the Company. Under the scheme, the participants are granted options which only vest if the employee remains in employment with the company at the vesting date. Options are vested after the first anniversary of the grant date with 6.25% vesting quarterly until the options are fully vested. The “vesting period” is specified in IFRS 2 as the period during which all the specified vesting conditions are to be satisfied in order for the employees to be entitled unconditionally to the equity instrument. The options expire at the end of the day before the tenth anniversary of the grant date. Management is required to use an appropriate pricing model to value the issue of equity to employees or those providing similar services.

Any charge to the profit and loss account is therefore a function of the chosen pricing model, which is based on a range of assumptions. The fair value of the equity instruments granted was derived using a Black-Scholes Model and based upon actual share price on grant date. Risk free rate has been determined based upon U.S. Government five-year treasury securities. Expected volatility was determined by the historical volatility of the Company since the completion of the business combination. An attrition rate has been determined based upon historical experience.

Key sources of estimation uncertainty relating to convertible loans 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”.

This approach is deemed appropriate because:

- Like an option, the returns to the Convertible Senior Secured Notes are dependent upon the share price of the Company;
- The Company is listed and therefore its historical equity value and equity volatility data is readily available; and
- There are several breakpoints at which the potential returns to the various securities could vary depending on the other participating securities.

Many of the inputs are not observable and Company specific inputs include the expected probability and timing of specific future events.

In accordance with IFRS 9, this is treated as a hybrid instrument and is designated in entirety as fair value through profit or loss. Therefore, upon initial recognition the Company has not separated the convertible loan into a host liability component (accounted for at amortized cost) and the derivative liability components (accounted for at fair value through profit or loss).

**Vertical Aerospace Ltd**

**Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)**

**3 Critical accounting judgments and key sources of estimation uncertainty (continued)**

During the period the Company introduced an adjustment to the credit spread used in the estimation of the fair value of convertible loan notes to reflect changes in company-specific credit risk during the period. Recognized within the credit risk reserve, impact of fair value movements in derivative financial liabilities that are related to changes in the Company's own credit risk, were subsequently realized upon substantial modification and extinguishment of the existing derivative financial liability, and therefore transferred to accumulated deficit during the period.

The valuation methods and assumptions are shown in note 24.

On December 23, 2024, The Company entered into the First Supplemental Indenture with Mudrick Capital Management L.P. (together with any fund, entity or account that is managed, sponsored or advised by Mudrick Capital Management L.P. or its affiliates, "Mudrick Capital"), which sets forth certain amendments to the Indenture dated December 16, 2021 governing the purchase of Convertible Senior Secured Notes of and from the Company by Mudrick Capital in an aggregate principal amount of \$200,000 thousand (equivalent to £151,000 thousand) for an aggregate purchase price of \$192,000 thousand (equivalent to £145,000 thousand). The amendments include: (i) effective December 15, 2024, increasing the interest rate applicable to the Convertible Senior Secured Notes to 10.00% for cash interest and 12.00% for PIK interest; (ii) extending the maturity date of the Convertible Senior Secured Notes to December 15, 2028; and (iii) providing for a fixed conversion price of \$2.75 per ordinary share (or 363.636 ordinary shares per \$1,000 principal amount) for half of the principal amount of the Convertible Senior Secured Notes and \$3.50 per ordinary share (or 285.714 ordinary shares per \$1,000 principal amount) for the other half.

Following the execution of the First Supplemental Indenture, in accordance with the Investment Agreement, the holders of the Convertible Senior Secured Notes delivered conversion notices to the Company for the conversion of the first half of the Convertible Senior Secured Notes at a fixed conversion price, which resulted in the issuance of ordinary shares by the Company to the holders of the Convertible Senior Secured Notes.

The company has determined that, in accordance with IFRS 9, these amendments would represent a substantial modification of the existing derivative financial liability and is therefore to be accounted for as an extinguishment of the original derivative financial instrument and the recognition of a new derivative instrument, with the difference between the carrying amount of the original instrument and the fair value of the new derivative instrument being recognized in profit or loss.

Option pricing has been utilized to calculate the probability that conversion options, that are embedded within the new instrument, will be in the money at expiration and assign a dollar value to it. The underlying share price of the Company, exercise price, volatility, interest rate, and time to expiration have been used as inputs into the model to derive the option's theoretical fair value.

For detailed information on convertible loans and their embedded derivatives, see note 23.

**4 Operating segments**

The Group operates as a single operating segment and one reporting segment, being the development and commercialization of eVTOL technology. An operating segment is defined as a component of an entity for which discrete financial information is available and whose results are regularly reviewed by the chief operating decision maker. The Board of Directors review all financial information as a single segment.



**Vertical Aerospace Ltd****Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)****5 Other operating income**

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
	<u>£ 000</u>	<u>£ 000</u>	<u>£ 000</u>
Rolls Royce settlement	27,919	—	—
R&D tax relief	8,623	1,370	4,496
Government grants	6,870	2,956	1,415
	<u>43,412</u>	<u>4,326</u>	<u>5,911</u>

**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 140 thousand of the Company's own ordinary shares valued at \$1 million recognized within a treasury shares reserve.

**Government grants**

Government grants relate to amounts receivable from grant awarding bodies relating to the research and development of eVTOL technologies. These grants are made to fund research and development expenditure and are recognized in profit or loss in the period to which the expense they are intended to fund relates.

**R&D tax relief**

The Company recognizes R&D tax relief relating to the UK R&D expenditure credit ("RDEC") within Other operating income and UK small and medium-sized enterprise ("SME") R&D tax relief within Income tax credit - see note 9 for further details.

Vertical Aerospace Ltd

Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)

6 Expenses by nature

Included within administrative expenses and research and development expenses are the following expenses.

	2024 £ 000	2023 £ 000	2022 £ 000
Research and development staff costs (excluding share-based payment expenses)	27,148	23,830	17,580
Research and development consultancy	12,179	16,193	18,004
Research and development components, parts and tooling	20,561	25,350	13,545
Total research and development expenses	59,888	65,373	49,129
Administrative staff costs (excluding share-based payment expenses)	9,682	9,616	8,014
Share based payment expenses (note 22)	7,486	8,816	23,189
Consultancy costs	2,961	1,914	2,479
Legal and financial advisory costs	4,609	2,296	2,949
HR advisory and recruitment costs	650	968	2,089
IT hardware and software costs	7,192	6,314	4,348
Insurance expenses	1,357	2,110	2,698
Marketing costs	1,761	688	1,728
Premises expenses	2,183	1,870	1,614
Depreciation expense	1,088	892	577
Amortization expense	885	1,164	1,195
Depreciation on right of use property assets	730	658	411
Goodwill impairment	—	—	1,473
Other administrative expenses	2,827	3,512	2,042
Total administrative expenses	43,411	40,818	54,806
Related party administrative expenses	1,280	83	83
Total administrative & research and development expenses	104,579	106,274	104,018

Staff costs relate primarily to salary and salary - related expenses, including social security and pension contributions. Staff costs exclude share-based payments – see note 22 for further details.

Share-based payment expense primary relates to both R&D staff and administrative staff and includes the following:

	2024 £ 000	2023 £ 000	2022 £ 000
2021 Incentive Plan	7,142	8,084	14,512
Enterprise Management Incentive	344	732	7,858
Issuance of shares to suppliers and partners	—	—	819
	7,486	8,816	23,189

Vertical Aerospace Ltd

Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)

7 Net finance (costs)/income

	2024 £ 000	2023 £ 000	2022 £ 000
Fair value movements on convertible loan notes	(12,363)	—	—
In-kind interest on convertible loan notes	(17,171)	(16,160)	(14,897)
Interest expense on leases	(156)	(199)	(143)
Foreign exchange loss	(5,174)	—	(13,338)
Other	(82)	(101)	(116)
Total finance costs	(34,946)	(16,460)	(28,494)
Interest income on deposits	2,162	3,356	623
Foreign exchange gain	—	12,867	—
Fair value movements on convertible loan notes	—	15,705	25,723
Fair value movements on warrant liabilities	479	3,873	5,880
Total finance income	2,641	35,801	32,226
Substantial modification of convertible loan notes	(457,228)	—	—
Fair value movements on convertible loan notes	(230,495)	—	—
Total related party finance costs	(687,723)	—	—
Net finance (costs)/income	(720,028)	19,341	3,732

The substantial modification of convertible loan notes includes £1,370 thousand of directly attributable transaction costs - for more information on finance income/(costs) arising on convertible loan notes see note 23.

8 Basic and diluted loss per share

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

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

On September 20, 2024, the implementation of a reverse stock split at a ratio of one-for-ten shares became effective. The reverse stock split resulted in a proportional decrease in the number of authorized ordinary shares and preferred shares, and a proportional increase in the par value of the ordinary shares and preferred shares, in each case in accordance with the reverse stock split ratio. All share and per share amounts in these consolidated financial statements and related notes hereto have been retrospectively adjusted to account for the effect of the reverse stock split

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

	2024 £ 000	2023 £ 000	2022 £ 000
Net loss for the period	(781,240)	(59,946)	(94,375)
	£	£	£
Basic and diluted loss per share	(38.46)	(3.13)	(5.26)
	No. of shares	No. of shares	No. of shares
Weighted average issued shares	20,315,572	19,125,061	17,947,038

On December 23, 2024 the holders of the Convertible Senior Secured Notes delivered conversion notices to the Company for the conversion of half, or approximately \$130 million in principal amount, of the Convertible Senior Secured Notes at a fixed conversion price of \$2.75 per Ordinary Share (the "Partial Conversion"), which resulted in the issuance of 47,343,585 ordinary shares with a reference share price of \$7.42 per ordinary share by the Company to the holders of the Convertible Senior Secured Notes.

## Vertical Aerospace Ltd

## Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)

**8 Basic and diluted loss per share (continued)**

As of December 31, 2024, there were 37,198,531 ordinary shares potentially issuable upon exercise of the remaining outstanding principal amount of the Convertible Senior Secured Notes that could potentially dilute basic earnings per share in the future, but that are not included in the calculation of basic and diluted loss per share.

Subsequent to the year end, on January 24, 2025, the Company closed the 2025 Offering, consisting of 15,000,000 Units, with each Unit consisting of (i) one ordinary share; (ii) one-half of one Tranche A Warrant; and (iii) one-half of one Tranche B Warrant. This transaction would have changed significantly the number of ordinary shares or potential ordinary shares outstanding at the end of the period had this transaction occurred before the end of the reporting period.

**9 Income tax (charge)/credit**

Tax (charged to)/credited in profit or loss:

	<u>2024</u> £ 000	<u>2023</u> £ 000	<u>2022</u> £ 000
<b>Current taxation</b>			
UK corporation tax	(45)	22,661	—

The tax on loss before tax for the year is lower (2023: lower, 2022: lower) than the respective rate of corporation tax in the UK of 25% (2023: 19%, 2022: 19%).

The differences are reconciled below:

	<u>2024</u> £ 000	<u>2023</u> £ 000	<u>2022</u> £ 000
Loss before tax	(781,195)	(82,607)	(94,375)
Corporation tax credit at respective rate	195,298	15,695	17,931
Decrease in tax credit from effect of expenses not deductible in determining taxable loss	(1,393)	(892)	(418)
Decrease in tax credit from tax losses for which no deferred tax asset was recognized	(193,950)	(14,803)	(17,513)
Research and development tax credit	—	22,661	—
Total income tax (charge)/credit	(45)	22,661	—

From April 1, 2023 there is no longer a single corporation tax rate in the UK for non-ring fence profits. At the Autumn Budget 2024, the U.K. government announced a cap to the headline rate of Corporation Tax at 25% for the duration of the current Parliament. A small profits rate of 19% exists for companies with profits of £50 thousand or less. Companies with profits between £50 thousand and £250 thousand pay tax at the main rate, reduced by a marginal relief.

No deferred tax assets or liabilities have been recognized as the Group has a surplus of UK tax losses, which offset in the same jurisdiction as any deferred tax liabilities. A deferred tax asset for the surplus tax losses has not been recognized as the Group has not yet been profitable and therefore there is uncertainty over the availability of future taxable profits against which to utilize the tax losses.

Unused potential tax losses for which no deferred tax asset has been recognized as at December 31, 2024 were estimated as £934,012 thousand (2023: £116,000 thousand).

Vertical Aerospace Ltd

Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)

10 Property, plant and equipment

	Plant and Machinery £ 000	Leasehold improvements £ 000	Assets under construction £ 000	Office equipment £ 000	Vehicles £ 000	Total £ 000
<b>Cost or valuation</b>						
At January 1, 2023	25	2,716	—	1,213	—	3,954
Additions	442	653	612	275	120	2,102
Disposals	(2)	(22)	—	(351)	—	(375)
At December 31, 2023	465	3,347	612	1,137	120	5,681
Additions	4	401	—	23	—	428
Transfers	—	578	(612)	34	—	—
Disposals	(75)	(139)	—	(119)	—	(333)
At December 31, 2024	394	4,187	—	1,075	120	5,776
<b>Accumulated depreciation</b>						
At January 1, 2023	1	601	—	662	—	1,264
Charge for the year	68	468	—	346	10	892
Depreciation on disposals	—	(10)	—	(286)	—	(296)
At December 31, 2023	69	1,059	—	722	10	1,860
Charge for the year	93	706	—	277	12	1,088
Depreciation on disposals	(23)	(112)	—	(115)	—	(250)
At December 31, 2024	139	1,653	—	884	22	2,698
<b>Net book value</b>						
At December 31, 2024	255	2,534	—	191	98	3,078
At December 31, 2023	396	2,288	612	415	110	3,821

All property, plant and equipment is attributable to the UK.

## Vertical Aerospace Ltd

## Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)

## 11 Right of use assets

	<u>Leasehold Property</u> £ 000
<b>Cost or valuation</b>	
At January 1, 2023	4,091
Additions	183
At December 31, 2023	4,274
Additions	246
Disposals	(332)
At December 31, 2024	4,188
<b>Accumulated depreciation</b>	
At January 1, 2023	970
Charge for the year	658
Impairment	193
At December 31, 2023	1,821
Charge for the year	730
Depreciation on disposals	(332)
At December 31, 2024	2,219
<b>Net book value</b>	
At December 31, 2024	1,969
At December 31, 2023	2,453

The right of use assets are leasehold properties in Bristol and Kemble, UK. Further information on the lease liabilities of these leases can be found in note 17.

**Vertical Aerospace Ltd****Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)****12 Intangible assets**

	<u>IT software</u> £ 000	<u>Total</u> £ 000
<b>Cost or valuation</b>		
At January 1, 2023	3,916	3,916
Additions	159	159
Disposals	(210)	(210)
At December 31, 2023	3,865	3,865
Additions	—	—
Disposals	(21)	(21)
At December 31, 2024	3,844	3,844
<b>Accumulated amortization</b>		
At January 1, 2023	1,868	1,868
Amortization charge	1,164	1,164
Depreciation on disposals	(185)	(185)
At December 31, 2023	2,847	2,847
Amortization charge	885	885
Depreciation on disposals	(20)	(20)
At December 31, 2024	3,712	3,712
<b>Net book value</b>		
At December 31, 2024	132	132
At December 31, 2023	1,018	1,018

The amortization charge of £885 thousand (2023: £1,164 thousand) is shown in Administrative expenses.

All intangible assets are attributable to the UK and IT software is third party software licenses, which includes perpetual licenses and implementation costs. The carrying amounts of the software was reviewed at the reporting date and management determined that there were no indicators of impairment.

**13 Cash and cash equivalents**

Restricted cash is deemed to be restricted by way of a rent guarantee, which the counterparty can call on in the event of default by the Company.

All balances are held with financial institutions with a minimum rating of 'A'.

Vertical Aerospace Ltd

Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)

14 Trade and other receivables

	December 31, 2024 £ 000	December 31, 2023 £ 000
R&D tax relief receivable	8,686	16,416
Government grants and VAT receivable	4,349	4,060
Prepayments	4,576	5,062
Other receivables	634	875
Amounts due from related party	52	—
	<u>18,297</u>	<u>26,413</u>

Included within R&D tax relief receivable £8,686 thousand claimed under the HMRC RDEC scheme (2023: £578 thousand) and £nil for R&D tax relief claimed under the HMRC SME Scheme (2023: £15,838 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 25 Financial risk management and impairment of financial assets.

15 Share capital and other reserves

Allotted, called up and fully paid shares

	December 31, 2024		December 31, 2023	
	No.	£	No.	£
Ordinary, of \$0.001 each	69,542,515	54,753	22,124,924	16,681
	<u>69,542,515</u>	<u>54,753</u>	<u>22,124,924</u>	<u>16,681</u>

Ordinary shares (other than shares held in treasury) have full voting rights, full dividend rights. Treasury shares totaling 140,000 are excluded as at December 31, 2024 (2023: nil). The Company is authorized to issue 200,000,000 ordinary shares. During the period 47,557,591 ordinary shares were issued as shown below:

	<u>Shares issued</u> No.	<u>Share capital issued</u> £	<u>Proceeds received</u> £ 000	<u>Premium arising</u> £ 000
Exercise of Nil-Cost Options	14,006	99	—	—
SF Investment agreement	200,000	156	15,629	15,629
Partial Conversion of Convertible Senior Secured Notes	47,343,585	37,817	—	280,567
	<u>47,557,591</u>	<u>38,072</u>	<u>15,629</u>	<u>296,196</u>

On March 13, 2024 and in relation to the SF Investment Agreement, the Company issued 200,000 ordinary shares resulting in proceeds of £15,629 thousand and share premium of £15,629 thousand (\$20,000 thousand).

On December 23, 2024 the holders of the Convertible Senior Secured Notes delivered conversion notices to the Company for the conversion of half, or approximately \$130 million in principal amount, of the Convertible Senior Secured Notes at a fixed conversion price of \$2.75 per ordinary share (or 363.636 shares per \$1,000 of principal amount). This resulted in the issuance of 47,343,585 ordinary shares, with a reference share price of \$7.42 per ordinary share, by the Company to the holders of the Convertible Senior Secured Notes and the recognition of share premium of £280,567 thousand.

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 the Company'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 140,000 shares has been recognized as a result.



Vertical Aerospace Ltd

Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)

15 Share capital and other reserves (continued)

*Nature and purpose of other reserves*

	December 31, 2024	December 31, 2023	December 31, 2022
	£ 000	£ 000	£ 000
Share based payment reserve	27,073	21,140	22,359
Foreign currency translation reserve	3,910	1,484	8,365
Warrant reserve	13,475	9,292	9,292
Merger reserve	54,841	54,841	54,841
Credit risk reserve	—	—	—
	<u>99,299</u>	<u>86,757</u>	<u>94,857</u>

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 (\$5,000 thousand) being recognized within the warrant reserve. On October 29, 2021, the Company entered into the Virgin Atlantic Warrant Instrument, which provides for a warrant over 262,500 ordinary shares. These warrants remain outstanding and are valued at £8,558 thousand 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.

The credit risk reserve recognizes the impact of fair value movements in derivative financial liabilities that are related to changes in the Company's own credit risk. Changes in Company-specific credit risk during the period, by way of a 11.0 percentage point increase in credit spread (giving an overall discount rate of 37.5)%, resulted in downward adjustments to the resultant valuation of Convertible Senior Secured Notes of £22,293 thousand. Such amounts were realized upon substantial modification and extinguishment of the existing derivative financial liability, and therefore transferred to accumulated deficit during the period.

16 Loans from related parties

	December 31, 2024	December 31, 2023
	£ 000	£ 000
<b>Current loans and borrowings</b>		
Loans from related parties	<u>524,242</u>	<u>—</u>

On December 15, 2021 Mudrick Capital purchased Convertible Senior Secured Notes of and from the Company in an aggregate principal amount of \$200,000 thousand for an aggregate purchase price of \$192,000 thousand (the "Purchase Price"). See note 23 for more detail.

On December 23, 2024, The Company entered into the First Supplemental Indenture with Mudrick Capital, which sets forth certain amendments to the Indenture dated December 16, 2021. The amendments include: (i) effective December 15, 2024, increasing the interest rate applicable to the Convertible Senior Secured Notes to 10.00% for cash interest and 12.00% for PIK interest; (ii) extending the maturity date of the Convertible Senior Secured Notes to December 15, 2028; and (iii) providing for a fixed conversion price of \$2.75 per ordinary share (or 363.636 ordinary shares per \$1,000 principal amount) for half of the principal amount of the Convertible Senior Secured Notes and \$3.50 per ordinary share (or 285.714 ordinary shares per \$1,000 principal amount) for the other half. See note 25 for more details.

**Vertical Aerospace Ltd****Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)****16 Loans from related parties (continued)**

Option pricing has been utilized to calculate the probability that the embedded conversion options will be in the money at expiration and assign a dollar value to it. The underlying share price of the Company, exercise price, volatility, interest rate, and time to expiration have been used as inputs into the model to derive the option's theoretical fair value. As of December 31, 2024 an estimated fair value of £524,242 thousand was calculated for the Convertible Senior Secured Notes.

Following the execution of the First Supplemental Indenture, in accordance with the Investment Agreement, the holders of the Convertible Senior Secured Notes delivered conversion notices to the Company for the conversion of half, or approximately \$130 million in principal amount, of the Convertible Senior Secured Notes at a fixed conversion price of \$2.75 per ordinary share, which resulted in the issuance of 47,343,585 ordinary shares, with a reference share price of \$7.42 per ordinary share, by the Company to the holders of the Convertible Senior Secured Notes. Accordingly, on December 23, 2024, the ultimate controlling party became Mudrick Capital (including funds, investors, entities or accounts that are managed, sponsored or advised by it or its affiliates).

**17 Lease liabilities**

The balance sheet shows the following amounts relating to lease liabilities:

	December 31, 2024 £ 000	December 31, 2023 £ 000
Long term lease liabilities	1,620	1,977
Current lease liabilities	581	643
Total lease liabilities	<u>2,201</u>	<u>2,620</u>

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

**Lease liabilities maturity analysis**

A maturity analysis of lease liabilities based on contractual undiscounted gross cash flow is reported below:

	December 31, 2024 £ 000	December 31, 2023 £ 000
Less than one year	705	760
Within 2 - 5 years	1,409	1,916
More than 5 years	496	496
Total lease liabilities (undiscounted)	<u>2,610</u>	<u>3,172</u>

Vertical Aerospace Ltd

Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)

17 Lease liabilities(continued)

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	December 31, 2024	December 31, 2023
	£ 000	£ 000
Payment		
Right of use assets	771	669
Low value leases	—	—
Short term leases	63	224
Total cash outflow	<u>834</u>	<u>893</u>

A reconciliation of the lease creditors is shown below:

	£ 000
As at January 1, 2023	3,161
Additions	182
Reversal of lease liability	(193)
Interest element of payments to lease creditors	(199)
Principal element of payments to lease creditors	(530)
Interest expense of leases	199
As at December 31, 2023	<u>2,620</u>
Additions	196
Reversal of lease liability	—
Interest element of payments to lease creditors	(156)
Principal element of payments to lease creditors	(615)
Interest expense of leases	156
As at December 31, 2024	<u>2,201</u>

Lease creditors relate to property in Bristol and Kemble, UK. The cost, depreciation charge and carrying value for the right-of-use asset is disclosed in note 11 Right of use assets. The interest expense on lease liabilities is disclosed in note 7.

18 Provisions

	Tax and social security	Dilapidations	Total
	£ 000	£ 000	£ 000
As at January 1, 2023	264	101	365
Additions	76	—	76
Reversals	(192)	—	(192)
Unwinding of discount	—	7	7
As at December 31, 2023	<u>148</u>	<u>108</u>	<u>256</u>
Additions	356	—	356
Unwinding of discount	—	8	8
As at December 31, 2024	<u>504</u>	<u>116</u>	<u>620</u>

The dilapidation provision was recognized as a result of the obligation to return the leased property in Bristol, UK to its original condition at the end of the lease which currently expires in 2028. The provision is expected to be utilized at the end of the lease period.

Vertical Aerospace Ltd

Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)

**19 Trade and other payables**

Amounts falling due within one year:

	December 31, 2024	December 31, 2023
	£ 000	£ 000
Trade payables	5,444	3,726
Accrued expenses	7,354	12,146
Amounts due to related parties	1,900	—
Social security and other taxes	879	981
Outstanding defined contribution pension costs	8	15
	<u>15,585</u>	<u>16,868</u>

Amounts falling due after more than one year:

	December 31, 2024	December 31, 2023
	£ 000	£ 000
Deferred fees and charges	<u>3,991</u>	<u>3,922</u>

The Group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in note 25 Financial risk management and impairment of financial assets.

Amounts due to related parties include the reimbursement of legal fees incurred in relation to the Investment Agreement and the transactions contemplated thereunder. The reimbursement of such fees is a closing condition of the Investment Agreement. For more information on Amounts due to related parties, please see note 26.

**20 Warrant liabilities**

The following warrants are in issue but not exercised and recorded as a liability:

	December 31, 2024 Number	December 31, 2023 Number
Public Warrants	15,264,935	15,264,935
Convertible Notes Warrants	4,000,000	4,000,000
Outstanding, end of period	<u>19,264,935</u>	<u>19,264,935</u>

Recorded as a liability, the following shows the change in fair value:

	£ 000
January 1, 2023	4,961
Change in fair value recognized in profit or loss	(3,873)
Foreign exchange movements	(181)
December 31, 2023	<u>907</u>
Change in fair value recognized in profit or loss	(479)
Foreign exchange movements	6
December 31, 2024	<u>434</u>

**Vertical Aerospace Ltd****Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)****20 Warrant liabilities (continued)**

The Public Warrants and Convertible Notes warrants expire on December 16, 2026, or earlier upon redemption or liquidation. Each such warrant entitles the registered holder to purchase 1/10 of one share of common stock, meaning that ten warrants must be exercised for a holder of warrants to receive one ordinary share of the Company at a price of \$115.00 per share. Such warrants may only be exercised for a whole number of shares.

Once such warrants become exercisable, the Company may redeem such warrants at a price of \$0.10 per warrant if the closing price of the common stock equals or exceeds \$180.00 per share for any 20 trading days within a 30-trading day period.

The exercise price and number of common stock issuable upon exercise of warrants may be adjusted in certain circumstances including in the event of a share dividend, extraordinary dividend or recapitalization, reorganization, merger, or consolidation. Warrants will not be adjusted for issuances of common stock at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the warrants.

On December 4, 2024, the New York Stock Exchange (the "NYSE") filed a Form 25 with the SEC, removing the Public Warrants from their listing on the NYSE.

**21 Pension and other schemes****Defined contribution pension scheme**

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £2,068 thousand (2023: £2,231 thousand). Contributions totaling £8 thousand (2023: £15 thousand) were payable to the scheme at the end of the year and are included in trade and other payables.

**22 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. The total expense recognized by the company during the year in respect of these plans is shown below:

	2024	2023
	£ 000	£ 000
2021 Incentive Plan	7,142	8,084
Enterprise Management Incentive	344	732
	<u>7,486</u>	<u>8,816</u>

**2021 Incentive Plan**

Employees in the Company are granted options in relation to shares issued by the Company. Under the scheme, participants are granted options which only vest if the employee remains in employment with the company at the vesting date. Such options typically vest from the first anniversary of the grant date, with 6.25% vesting quarterly until the options are fully vested. The options expire at the end of the day before the tenth anniversary of the grant date. The fair value of the equity instruments granted was derived using a Black-Scholes Model and based upon actual share price on grant date. The following inputs were used:

	December 31, 2024	December 31, 2023
Average share price at date of grant (£)	7.13	9.50
Expected volatility (%)	90.00 %	89.58 %
Dividend yield (%)	—	—
Risk-free interest rate (%)	<u>4.43 %</u>	<u>4.78 %</u>

**Vertical Aerospace Ltd****Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)****22 Share-based payments (continued)**

Expected volatility was determined by the historical volatility of the Company.

The total expense recognized by the company during the year in respect of the 2021 Incentive Plan is £7,142 thousand (2023: £8,084 thousand).

The movements in the number of employee share options during the year were as follows:

	2024 Number	2023 Number
Outstanding, start of period	998,598	435,567
Granted during the period	397,803	737,060
Forfeited during the period	(96,822)	(71,577)
Exercised during the period	(128,369)	(102,452)
Outstanding, end of period	<u>1,171,210</u>	<u>998,598</u>

The number of options outstanding as at the end of the period consists of 1,062,415 nil cost options and 108,796 Company Share Option Plan (CSOP) options, with exercise prices ranging from £nil to £9.80. Options exercised during the period related solely to nil-cost options.

The movements in the weighted average exercise price of CSOP options during the year were as follows:

	2024 £	2023 £
Outstanding, start of period	9.80	66.30
Granted during the period	9.80	9.80
Forfeited during the period	9.80	64.20
Outstanding, end of period	<u>9.80</u>	<u>9.80</u>

During the year ended December 31, 2023, the CSOP options granted during the year ended December 31, 2022 were replaced by the Company through the issuance of replacement awards that reduced the participants respective exercise price from £66.30 to £9.80. No additional awards were awarded to scheme participants and no changes to the vesting conditions were made. The Company has accounted for the incremental fair value of these replacement awards, determined using a Black-Scholes Model, in addition to the grant-date fair value of the original award. The main inputs are set out in the table below.

	December 31, 2023
Average share price at date of grant (£)	6.20
Expected volatility (%)	90.00
Dividend yield (%)	—
Vesting period in years	2.63
Risk-free interest rate (%)	<u>4.80</u>

Expected volatility was determined by the historical volatility of the Company. The incremental fair value expense recognized by the company as a result of the modification is £18 thousand (2023: £119 thousand).

Vertical Aerospace Ltd

Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)

**22 Share-based payments (continued)**

Details of share options outstanding at the end of the year were as follows:

	31 December 2024	31 December 2023
Weighted average exercise price (£)	0.91	1.20
Number of share options outstanding	1,171,210	998,598
Expected weighted average remaining vesting period (years)	2.14	3.30

The number of options which were exercisable at December 31, 2024 was 380,763 (December 31, 2023: 173,006) with exercise prices ranging from £nil to £8.95. Options exercised during the period related solely to nil-cost options.

**EMI Scheme**

The movements in the number of EMI share options during the year were as follows:

	2024 Number	2023 Number
Outstanding, start of period	1,170,231	2,101,108
Granted during the period	—	—
Forfeited during the period	(224,802)	(162,185)
Exercised during the period	—	(768,692)
Outstanding, end of period	945,429	1,170,231

The movements in the weighted average exercise price of share options during the year were as follows:

	2024 £	2023 £
Outstanding, start of period	2.50	1.90
Granted during the period	—	—
Forfeited during the period	3.80	2.40
Exercised during the period	—	1.00
Outstanding, end of period	2.20	2.50

Details of share options outstanding at the end of the year are as follows:

	31 December 2024	31 December 2023
Weighted average exercise price (£)	2.20	2.50
Number of share options outstanding	945,429	1,170,231
Expected weighted average remaining vesting period (years)	0.92	1.78

The number of options which were exercisable as at December 31, 2024 was 635,240 (2023: 495,681) with exercise prices ranging from £1.84 to £11.49.

## Vertical Aerospace Ltd

## Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)

**22 Share-based payments (continued)**

The option pricing model used was a Black-Scholes Model and the main inputs are set out in the table below:

	<b>December 31, 2022</b>
Average share price at date of grant (£)	50.70
Expected volatility (%)	50.00
Vesting period in years	2.75
Risk-free interest rate (%)	1.25

Given the lack of share price history, volatility was estimated with reference to other industry competitors, on a listed stock market, with a premium attached for various uncertainties.

The total expense recognized by the company during the year in respect of the EMI scheme was £344 thousand (2023: £732 thousand).

**23 Derivative financial liabilities**

The Convertible Senior Secured Notes are classified as derivative financial liabilities of the Company. The following sets forth information regarding the Company's measurement of the Convertible Senior Secured Notes:

	<b>Mudrick Capital £ 000</b>
As at January 1, 2024	109,291
<b>Period prior to substantial modification</b>	
Fair value movements (other than from change in own credit risk)	12,363
In-kind interest paid	17,171
Foreign exchange movements	2,085
Change in fair value from own credit risk	(22,293)
As at December 23, 2024 immediately prior to substantial modification	118,617
<b>Substantial modification and partial conversion</b>	
Impact of recognition of modified loan at fair value	455,859
Conversion of Convertible Senior Secured Notes	(280,605)
As at December 23, 2024 immediately after substantial modification	293,871
<b>Period after substantial modification</b>	
Fair value movements (other than from change in own credit risk)	230,495
Foreign exchange movements	(124)
As at December 31, 2024	524,242

**Period prior to substantial modification**

On December 15, 2021, Mudrick Capital purchased Convertible Senior Secured Notes of and from the Company in an aggregate principal amount of \$200,000 thousand for an aggregate purchase price of \$192,000 (the "Purchase Price").

The Convertible Senior Secured Notes were initially convertible into up to 1,818,182 ordinary shares at an initial conversion rate of 9.09091 ordinary shares per \$1,000 principal amount.

The Convertible Senior Secured Notes bore interest at the rate of 9% per annum, as the Company elected to pay interest in-kind, by way of PIK Notes. Interest was paid semi-annually in arrears. The Convertible Senior Secured Notes had an initial maturity date of the fifth anniversary of issuance and were redeemable at any time by the Company for cash.



**Vertical Aerospace Ltd**

**Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)**

**23 Derivative financial liabilities (continued)**

**Substantial modification and partial conversion**

On December 23, 2024, the Company entered into the First Supplemental Indenture setting forth certain amendments, including: (i) increasing the interest rate applicable to the Convertible Senior Secured Notes to 10.00% for cash interest and 12.00% for PIK interest; (ii) extending the maturity date of the Convertible Senior Secured Notes to December 15, 2028; and (iii) providing for a fixed conversion price of \$2.75 per ordinary share (or 363.636 ordinary shares per \$1,000 principal amount) for half of the principal amount of the Convertible Senior Secured Notes and \$3.50 per ordinary share (or 285.714 ordinary shares per \$1,000 principal amount) for the other half.

The company has determined that, in accordance with IFRS 9, these amendments represent a substantial modification of the existing derivative financial liability and is therefore accounted for as an extinguishment of the original derivative financial instrument and the recognition of a new derivative instrument, with the difference between the carrying amount of the original instrument and the fair value of the new derivative instrument being recognized in profit or loss.

No change to the Company-specific credit risk were made upon substantial modification and modification.

**Period after substantial modification**

In accordance with IFRS 9, the Convertible Senior Secured Notes are treated as a hybrid instrument and are designated in their entirety as fair value through profit or loss. Therefore, upon initial recognition the Company has not separated the Convertible Senior Secured Notes into a host liability component (accounted for at amortized cost) and the derivative liability components (accounted for at fair value through profit or loss). The valuation methods and assumptions are shown in note 24.

Following the execution of the First Supplemental Indenture, the noteholders delivered conversion notices to the Company for the conversion of half, or approximately \$130 million in principal amount, of the Convertible Senior Secured Notes at a fixed conversion price of \$2.75 per Ordinary Share, which resulted in the issuance of 47,343,585 ordinary shares, with a reference share price of \$7.42 per ordinary share, by the Company to the holders of the Convertible Senior Secured Notes.

As of December 31, 2024 a total of 37,198,531 ordinary shares are potentially issuable upon exercise of the remaining outstanding principal amount of Convertible Senior Secured Notes.

Following the Partial Conversion, in accordance with the Investment Agreement, the Company's wholly owned subsidiary, VAGL, entered into the second supplemental indenture to the Indenture with the Trustee (the "Second Supplemental Indenture"), pursuant to which VAGL became a guarantor of the Convertible Senior Secured Notes under the Indenture on a senior secured basis.

Also following the Partial Conversion, in accordance with the Investment Agreement, Mudrick Capital executed a Waiver, dated December 23, 2024, granting waivers to the Company in respect of certain existing and potential defaults, including the covenant requiring all material intellectual property to be owned by the Company or a guarantor to the Indenture, as well as any events of default potentially resulting therefrom, under the Indenture, subject to certain terms and conditions specified therein. Prior to the Second Supplemental Indenture, material intellectual property was owned by VAGL, which was both cured by its becoming a guarantor to the Indenture and any resulting default being waived by the Waiver.

A number of other covenants exist in relation to the Company's obligations in respect of the Convertible Senior Secured Notes, including (but not limited to): payments under the Convertible Senior Secured Notes and interest thereunder; furnishing the trustee with Exchange Act reports; compliance with Section 13 or 15(d) of the Exchange Act; provision of an annual compliance certificate; relinquishing of the benefit or advantage of, any stay, extension or usury law; acquisition of the Convertible Senior Secured Notes by the Company; permitting any Company subsidiaries to provide a charge over the Convertible Senior Secured Notes; limitation on liens securing indebtedness; limitation on asset sales; limitation on transactions with affiliates; limitation on restricted payments; and retention of \$10 million cash.

As at 31 December, 31 2024, the Vertical Aerospace Group Ltd. granted fixed and floating charges over all of its assets as security for the Convertible Senior Secured Notes and all liabilities under the Indenture (as amended) and cash at bank includes £7,981 thousand in accordance with the above covenant.

Vertical Aerospace Ltd

Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)

24 Financial instruments

Financial assets at amortized cost

	Carrying value		Fair value	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
	£ 000	£ 000	£ 000	£ 000
Cash and cash equivalents	22,556	48,680	22,556	48,680
Trade and other receivables	18,297	21,351	18,297	21,351
Restricted cash	1,700	1,700	1,700	1,700
	<u>42,553</u>	<u>71,731</u>	<u>42,553</u>	<u>71,731</u>

The fair value of financial assets is based on the expectation of recovery of balances. All balances are expected to be received in full. Trade and other receivables have been categorized in level 2 of the fair value hierarchy. All other balances have been recognized in level 1 of the fair value hierarchy.

Financial liabilities at amortized cost:

	Carrying Value		Fair Value	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
	£ 000	£ 000	£ 000	£ 000
Trade and other payables	15,585	19,794	15,585	19,794
Lease liabilities	2,201	2,620	2,201	2,620
	<u>17,786</u>	<u>22,414</u>	<u>17,786</u>	<u>22,414</u>

All balances have been recognized in level 2 of the fair value hierarchy.

Financial liabilities at fair value through profit or loss:

	Carrying Value		Fair Value	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
	£ 000	£ 000	£ 000	£ 000
Convertible Senior Secured Notes	524,242	109,291	524,242	109,291
Warrant liabilities	434	907	434	907
	<u>524,676</u>	<u>110,198</u>	<u>524,676</u>	<u>110,198</u>

Warrants are quoted on the OTC Bulletin Board (an interdealer automated quotation system for equity securities that is not a national securities exchange) and are therefore categorized in level 2 of the fair value hierarchy (see note 20). The Convertible Senior Secured Notes (both host contract and embedded derivative) are categorized in level 3 of the fair value hierarchy (see note 23).

Valuation methods and assumptions

*Financial liabilities at amortized cost*

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material. Due to their short maturities, the fair value of the trade and other payables approximates their book value.

The total interest expense for financial liabilities not held at fair value through profit or loss is £156 thousand (2023: £199 thousand).

## Vertical Aerospace Ltd

## Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)

**24 Financial instruments (continued)***Financial liabilities at fair value through profit or loss*

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 Convertible Senior Secured Notes, initially had a five-year term from the date of issuance on December 16, 2021 and a payment-in-kind interest rate of 9.0% (compounding semi-annually), or a cash interest rate of 7.0% (paid semi-annually). The holder of the Convertible Senior Secured Notes had an initial right to convert them into ordinary shares in the Company at any time at a conversion ratio of 90.9091 per \$1,000 principal amount (with any payment-in-kind accrual converting at the same ratio).

On December 23, 2024 the maturity date was extended to December 15, 2028 and the Conversion Rate was amended to 363.636 Ordinary Shares per \$1,000 principal amount of notes in relation to the first \$130,194,859 principal amount of the Convertible Senior Secured Notes, which was immediately converted by the noteholder into ordinary shares, and 285.714 Ordinary Shares per \$1,000 principal amount of Convertible Senior Secured Notes for the remaining portion outstanding. Additionally, effective December 15, 2024, each Convertible Senior Secured Notes accrues interest at 10.0% per annum with respect to interest paid in cash and 12.0% per annum with respect to payment-in-kind interest. The outstanding principal immediately following partial conversion, and as at December 31, 2024, is \$130,194,859.

Option pricing has been utilized to calculate the probability that these options will be in the money at expiration and assign a dollar value to it. The underlying share price of the Company, exercise price, volatility, interest rate, and time to expiration have been used as inputs into the model to derive the option’s theoretical fair value.

As of December 31, 2024 an estimated fair value of £524,242 thousand (2023: £109,291 thousand) was calculated for the Convertible Senior Secured Notes, based on the following valuation inputs:

	December 31, 2024	December 23, 2024	December 31, 2023
Share price (\$)	12.58	7.42	6.88
Conversion price (\$)	3.50	3.50	110.00
Interest rate (%)	12.00	12.00	9.00
Credit spread (%)	40.64	41.04	27.50
Expected life (years)	4.00	4.00	3.00
Risk-free rate (%)	4.40	4.40	4.00
Dividend yield (%)	—	—	—
Volatility (%)	85.00	85.00	90.00

As of December 23, 2024, immediately after substantial modification of the terms of the Convertible Senior Secured Notes, an estimated fair value of £574,476 thousand was calculated based upon a share price of \$7.42.

Company specific inputs include the expected probability and timing of future equity financing, in addition to the probability and timing of a future fundamental change. Credit spread is initially selected such that the fair value of the Convertible Senior Secured Notes reconciles to the total purchase price of \$192.0 million based upon the arms’ length transaction closing as of December 15, 2021, subsequently adjusted for company-specific credit risk.

Changes in Company-specific credit risk were made during the period, by way of a 11.0 percentage point increase in credit spread, resulting in downward adjustments to the resultant valuation of £22,293 thousand prior to extinguishment of the original liability.

**Vertical Aerospace Ltd**

**Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)**

**24 Financial instruments (continued)**

Risk-free rate is based on the interest rate on US government debt with a three to five-year term. Volatility is based upon a reduction on the historical ordinary share volatility rate as operations develop and mature. Historical share price volatility of comparable companies with a three-month to four-year terms have also been considered.

Had the stock price traded higher, or higher volatility been assumed then this would have resulted in a higher fair value being attributed to the instrument. An increase in the interest rate, risk - free rate or credit spread applied would result in a reduction in the fair value being attributed to the instrument.

- A 7.5- percentage point decrease / increase in credit spread would result in an increase / decrease in the fair value of the instrument by approximately £10m.
- A 10-percentage point decrease / increase in volatility would result in a decrease / increase in the fair value of the instrument by approximately £10m.

**25 Financial risk management and impairment of financial assets**

The Group's activities expose it to a variety of financial risks: market risk, credit risk, exchange rate risk and liquidity risk.

**Credit risk and impairment**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from prepayments to suppliers and distributors and deposits with the Group's bank.

Restricted cash as at December 31, 2024 includes £1,700 thousand (2023: £1,700 thousand) in relation to rent guarantees. Included in Cash at bank is £7,981 thousand (2023: £7,845 thousand) that is deemed to contain certain restrictions in order to satisfy certain covenants as at December 31, 2024. Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest.

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was £632 thousand (2023: £875 thousand) being the total of the carrying amount of financial assets excluding cash, which includes trade receivables and other receivables. All the receivables are with parties in the UK.

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 December 31, 2024 and December 31, 2023 was determined as £nil for trade receivables.

**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 foreign exchange rate fluctuations. There are currently no currency forwards, options, or swaps to hedge this exposure.

## Vertical Aerospace Ltd

## Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)

**25 Financial risk management and impairment of financial assets (continued)****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 2024 and 2023, 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 years because of the significance of the USD denominated Convertible Senior Secured Notes in particular relative to USD deposits and cash held (\$8,263 thousand at December 31, 2024), which are expected to decline as expenses are incurred until future funding is secured.

**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 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**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting arrangements.

	<u>Within 1 year</u> £ 000	<u>Between 2 and 5</u> <u>years</u> £ 000	<u>After more than</u> <u>5 years</u> £ 000	<u>Total</u> £ 000
<b>2024</b>				
Trade and other payables	15,585	3,991	—	19,576
Lease liabilities	705	1,409	496	2,610
Convertible Senior Secured Notes	—	103,915	—	103,915
	<u>16,290</u>	<u>109,315</u>	<u>496</u>	<u>126,101</u>
<b>2023</b>				
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
	<u>17,511</u>	<u>192,370</u>	<u>590</u>	<u>210,471</u>

**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, and in connection with, 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 Financial Statements for the Year Ended December 31, 2024 (continued)****26 Related party transactions****Key management personnel compensation**

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

	2024	2023
	£ 000	£ 000
Salaries and other short term employee benefits (including bonuses)	1,455	883
Payments to defined contribution pension schemes	4	1
Share-based payment expense	2,563	795
	<u>4,022</u>	<u>1,679</u>

The short-term benefits disclosed above include £187 thousand (2023: £nil) of bonuses which were unpaid as at year end and are included in other payables. Aggregate gains made on the exercise of share options for the Directors during the year totaled £nil (2023: £1,788 thousand).

**Summary of relationship with Directors**

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. During the period ended December 31, 2024 a total of 1,195,035 share options were awarded to Stuart Simpson and subsequent to the year end, on January 24, 2025 a total of 360,245 further share options were awarded to Stuart Simpson, vesting on a quarterly basis until March 31, 2028.

Stuart Simpson's employment agreement with the Company includes an anti-dilution provision, pursuant to which, subject to Stuart Simpson's continued employment as Chief Executive Officer of the Company, the award represents less than 2.4% of the Company's issued and outstanding ordinary shares (excluding Earn Out Shares), the Company will grant further nil-cost options such that Stuart Simpson's holding (excluding any sold, transferred or other disposed shares) remains 2.4% of the Company's then issued and outstanding ordinary shares.

On May 1, 2024 the Company appointed Benjamin Story as a member of the Board of Directors.

On September 16, 2024, the Company appointed Vincent Casey as a member of the Board of Directors. Subsequent to the year end, on January 14, 2025, Vincent Casey resigned as a member of the Board of Directors.

On September 20, 2024, the Company appointed Stephen Welch as a member of the Board of Directors.

From November 6, 2024, Mike Flewitt no longer served as the chair nor as a member of the Board of Directors. Stephen Welch was appointed as the chairman of the Board as from that date.

Subsequent to the year end, on January 14, 2025, Dómhnaíl Slattery was appointed as a member of the Board of Directors and chairman of the Board, replacing Stephen Welch, who remains a member of the Board of Directors.

Subsequent to the year end, on January 24, 2025 Dómhnaíl Slattery was awarded 814,700 share options, vesting on a quarterly basis until December 31, 2028. Dómhnaíl Slattery's engagement letter with the Company includes an anti-dilution provision, pursuant to which, subject to Dómhnaíl Slattery's continued service as the chairman of the Board, if his award represents less than 1% of the Company's issued and outstanding ordinary shares (excluding Earn Out Shares), the Company will grant further nil-cost options such that Dómhnaíl Slattery's award, when fully vested, (excluding any sold, transferred or other disposed shares) remains 1% of the Company's then issued and outstanding ordinary shares.

During the period ended December 31, 2024 a total of 76,142 share options and restricted stock units were awarded to independent members of the Board of Directors.

**Vertical Aerospace Ltd**

**Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)**

**26 Related party transactions (continued)**

**Summary of relationship with Stephen Welch**

Pursuant to a remuneration arrangement between Stephen Fitzpatrick and Stephen Welch, a portion of Stephen Welch's compensation for his services rendered as a director of the Company in 2024 (including as a member of any committee of the Board) was paid by Stephen Fitzpatrick.

However, on December 20, 2024, the Company agreed to reimburse Stephen Fitzpatrick for all documented fees and expenses incurred up to the date of the Partial Conversion of Convertible Senior Secured Notes in connection with Stephen Welch's position on the Board, subject to a cap of \$75 thousand (£60 thousand). Accordingly, amounts totaling £60 thousand remained payable and outstanding as at December 31, 2024.

Subsequent to the year end, on January 30, 2025, the Company agreed to waive the cap to settle all outstanding compensation with £35 thousand subsequently paid to Stephen Welch.

**Summary of relationship with Stephen Fitzpatrick**

On February 22, 2024 the Company entered into the SF Investment Agreement with Imagination Aero Ltd., a company wholly owned by Stephen Fitzpatrick (at such time, the Company's majority shareholder and a member of the Board of Directors), 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 with each warrant entitling the registered holder to purchase one-tenth of one ordinary share. In accordance with the SF Investment Agreement, on March 13, 2024, \$25 million in gross proceeds were received for 200 thousand shares (resulting in £15,629 thousand being recognized within share premium) and 50 million warrants (resulting in £3,907 thousand being recognized within the warrant reserve).

In connection with the SF Investment Agreement and the transactions contemplated thereunder, the Company agreed to reimburse legal fees incurred by Stephen Fitzpatrick totaling £175 thousand, with no such amounts outstanding as at December 31, 2024.

Pursuant to the terms of the SF Investment Agreement, subject to certain conditions, Imagination Aero Ltd. committed to fund a second tranche of equity investment in the amount of \$25 million, with payment due by August 14, 2024. The Company did not receive payment of any portion of this amount and on December 20, 2024, the Company entered into an Investment Agreement whereby all obligations under the SF Investment Agreement are deemed expired, including in respect of the funding commitment in respect of the second tranche \$25 million funding commitment.

Furthermore, on December 20, 2024 the Company entered into an Investment Agreement whereby Stephen Fitzpatrick would be granted the right to participate for \$25 million in the Company's 2025 Offering on the same economic terms as other investors, or in the event he elects not to participate, a 12 month option to invest \$25 million in Ordinary Shares of the Company at a strike price equal to the per share purchase price paid by investors in the 2025 Offering.

Subsequent to the period end, and on January 24, 2025, the Company's closed its 2025 Offering in which Stephen Fitzpatrick did not elect to participate but retains the 12-month option to purchase up to \$25 million Ordinary Shares of the Company, and on January 30, 2025 Stephen Fitzpatrick resigned from the Board of Directors.

Also subsequent to the year end, the Company reimbursed Imagination Industries Investments Ltd, a company controlled by Stephen Fitzpatrick, and Stephen Fitzpatrick amounts totaling £871 thousand relating to legal fees incurred in relation to the Investment Agreement and the transactions contemplated thereunder.

During the year, Imagination Industries Investments Ltd, a company controlled by Stephen Fitzpatrick provided and charged the Group with additional services totaling £130 thousand (2023: £83 thousand), of which £56 thousand was outstanding as at December 31, 2024 (December 31, 2023: £nil), and the Group provided Imagination Industries Investments Ltd with services totaling £52 thousand (2023: £nil), of which £52 thousand was outstanding as at December 31, 2024 (December 31, 2023: £nil).

**Vertical Aerospace Ltd**

**Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)**

**26 Related party transactions (continued)**

**Investment Agreement and Related Transactions**

On December 23, 2024, The Company entered into the First Supplemental Indenture with Mudrick Capital, which sets forth certain amendments to the Indenture dated December 16, 2021. The amendments include: (i) effective December 15, 2024, increasing the interest rate applicable to the Convertible Senior Secured Notes to 10.00% for cash interest and 12.00% for PIK interest; (ii) extending the maturity date of the Convertible Senior Secured Notes to December 15, 2028; and (iii) providing for a fixed conversion price of \$2.75 per ordinary share (or 363.636 ordinary shares per \$1,000 principal amount) for half of the principal amount of the Convertible Senior Secured Notes and \$3.50 per ordinary share (or 285.714 ordinary shares per \$1,000 principal amount) for the other half.

Following the execution of the First Supplemental Indenture, in accordance with the Investment Agreement, the holders of the Convertible Senior Secured Notes delivered conversion notices to the Company for the conversion of half, or approximately \$130 million in principal amount, of the Convertible Senior Secured Notes at a fixed conversion price of \$2.75 per ordinary share. This resulted in the issuance of 47,343,585 ordinary shares, with a reference share price of \$7.42 per ordinary share, by the Company to the holders of the Convertible Senior Secured Notes.

Accordingly, on December 23, 2024 the ultimate controlling party of the Company became Mudrick Capital (including funds, investors, entities or accounts that are managed, sponsored or advised by it or its affiliates). Jason Mudrick is the founder, general partner and Chief Investment Officer of Mudrick Capital.

For the period from December 23, 2024 to December 31, 2024 the Company recognized fair value losses totaling £230,495 thousand in relation to Convertible Senior Secured Notes.

Subsequent to the year end, the Company reimbursed Mudrick Capital amounts totaling £877 thousand relating to legal fees and transaction costs incurred, and accrued as at December 31, 2024, in relation to the Investment Agreement and the transactions contemplated thereunder.

**2025 Offering**

On December 20, 2024, the Company entered into the Investment Agreement, which sets forth, among other things, a commitment from Mudrick Capital to fund up to \$50 million to the Company in its subsequent funding round, with \$25 million funded on a non-contingent basis, and a backstop commitment for an additional up to \$25 million to be funded by Mudrick Capital if the Company is not able to raise such amount in such funding round. Subsequent to the year end, on January 24, 2025, the Company closed its subsequent funding round by way of the 2025 Offering, in which Mudrick Capital invested its \$25 million non-contingent funding commitment in exchange for 4,166,666 Units, with each Unit consisting of (i) one ordinary share; (ii) one-half of one Tranche A Warrant; and (iii) one-half of one Tranche B Warrant.

The Tranche A warrants will expire on the earlier of: (i) upon the satisfaction of both of the following conditions: (a) the Company successfully demonstrating a wing-borne flight of its VX4 prototype aircraft and (b) the 10-day volume weighted average price of the Company's ordinary shares, following the public disclosure of such successful wing-borne flight, being equal to or greater than, 103% of the exercise price of the warrants, the 30th day following the date of such disclosure; and (ii) the five-year anniversary of the date of issuance. The Tranche A warrants are exercisable at an exercise price of \$6.00 per whole ordinary share.

The Tranche B warrants will expire five years from the date of issuance and are exercisable at an exercise price of \$7.50 per whole ordinary share.



**Vertical Aerospace Ltd**

**Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)**

**27 Ultimate controlling party**

On December 23, 2024, upon consummation of the Partial Conversion, the ultimate controlling party became Mudrick Capital (including funds, investors, entities or accounts that are managed, sponsored or advised by it or its affiliates). Jason Mudrick is the founder, general partner and Chief Investment Officer of Mudrick Capital. Mr. Mudrick, through Mudrick Capital, is responsible for the voting and investment decisions relating to such ordinary shares held directly or indirectly by Mudrick Capital.

Prior to December 23, 2024 the ultimate controlling party was Stephen Fitzpatrick.

**28 Non adjusting events after the reporting period**

On January 24, 2025, we closed the 2025 Offering, comprising an underwritten public offering for 15,000,000 Units, with each Unit consisting of (i) one ordinary share; (ii) one-half of one Tranche A Warrant; and (iii) one-half of one Tranche B Warrant. Gross proceeds of the 2025 Offering totaled \$90 million, before deducting underwriting discounts and commissions and other offering expenses.

**29 Quarterly Financial Information (Unaudited)**

In March 2025, the Group identified an error related to the classification of the derivative financial liabilities in its consolidated statements of financial position as at June 30, 2024 and as at September 30, 2024 (no consolidated statements of financial position as at March 30, 2024 were published by the Group).

During the periods noted, derivative financial liabilities were erroneously classified as non-current liabilities.

Amendments to IAS 1 with respect to the classification of liabilities as current or non-current, effective for periods beginning on or after January 1, 2024 require that, for an entity to classify a liability as non-current, the entity must have the right at the reporting date to defer settlement of the liability for at least twelve months after that date. The amendments to IAS 1 clarify the meaning of 'settlement' and affect the classification as current or non-current for liabilities with conversion options, which give a right to the holder to exercise the option any time up to its maturity date, that are classified as derivative liabilities.

The conversion option embedded within the Convertible Senior Secured Notes may be exercised any time before the maturity of the liability and the Company does not have the right to defer settlement of the liability for at least twelve months after the end of the reporting period. As a result, the Convertible Senior Secured Notes are required pursuant to the amendments to IAS 1 to be classified as current, which prior to the amendments to IAS 1, were classified as non-current.

The impact of the restatement on the Unaudited Condensed Consolidated Interim Statements of Financial Position as at June 30, 2024 and as at September 30, 2024 are presented in the following tables.

There is no impact on the Unaudited Condensed Consolidated Interim Statements of Income and Comprehensive Income and there is no impact on the Unaudited Condensed Consolidated Interim Statements of Cash Flows.

**Vertical Aerospace Ltd**
**Notes to the Financial Statements for the Year Ended December 31, 2024 (continued)**
**29 Quarterly Financial Information (Unaudited) (continued)**

The following tables present the effects of the changes in presentation of these amounts, compared to the previously reported (in thousands):

	June 30, 2024			September 30, 2024		
	As Reported	Adjustment	As Restated	As Reported	Adjustment	As Restated
<b>Non-current assets</b>						
Property, plant and equipment	3,653	—	3,653	3,395	—	3,395
Right of use assets	2,128	—	2,128	1,978	—	1,978
Intangible assets	481	—	481	265	—	265
	<u>6,262</u>	<u>—</u>	<u>6,262</u>	<u>5,638</u>	<u>—</u>	<u>5,638</u>
<b>Current assets</b>						
Trade and other receivables	20,058	—	20,058	21,159	—	21,159
Restricted cash	1,700	—	1,700	1,700	—	1,700
Cash and cash equivalents	66,786	—	66,786	42,806	—	42,806
	<u>88,544</u>	<u>—</u>	<u>88,544</u>	<u>65,665</u>	<u>—</u>	<u>65,665</u>
<b>Total assets</b>	<u>94,806</u>	<u>—</u>	<u>94,806</u>	<u>71,303</u>	<u>—</u>	<u>71,303</u>
<b>Equity</b>						
Share capital	17	—	17	17	—	17
Other reserve	97,254	—	97,254	111,828	—	111,828
Treasury share reserve	(803)	—	(803)	(803)	—	(803)
Share premium	273,824	—	273,824	273,824	—	273,824
Accumulated deficit	(412,373)	—	(412,373)	(440,194)	—	(440,194)
<b>Total Shareholder's (deficit)/equity</b>	<u>(42,081)</u>	<u>—</u>	<u>(42,081)</u>	<u>(55,328)</u>	<u>—</u>	<u>(55,328)</u>
<b>Non-current liabilities</b>						
Lease liabilities	1,748	—	1,748	1,588	—	1,588
Provisions	327	—	327	370	—	370
Derivative financial liabilities	112,770	(112,770)	—	108,636	(108,636)	—
Trade and other payables	3,955	—	3,955	3,728	—	3,728
	<u>118,800</u>	<u>(112,770)</u>	<u>6,030</u>	<u>114,322</u>	<u>(108,636)</u>	<u>5,686</u>
<b>Current liabilities</b>						
Derivative financial liabilities	—	112,770	112,770	—	108,636	108,636
Lease liabilities	558	—	558	534	—	534
Warrant liabilities	610	—	610	287	—	287
Trade and other payables	16,919	—	16,919	11,488	—	11,488
	<u>18,087</u>	<u>112,770</u>	<u>130,857</u>	<u>12,309</u>	<u>108,636</u>	<u>120,945</u>
<b>Total liabilities</b>	<u>136,887</u>	<u>—</u>	<u>136,887</u>	<u>126,631</u>	<u>—</u>	<u>126,631</u>
<b>Total equity and liabilities</b>	<u>94,806</u>	<u>—</u>	<u>94,806</u>	<u>71,303</u>	<u>—</u>	<u>71,303</u>

## DESCRIPTION OF SECURITIES AND ARTICLES OF ASSOCIATION

As of December 31, 2024, Vertical Aerospace Ltd. (the “Company,” “we,” “us,” and “our”) had two classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”): our ordinary shares par value \$0.001 per share (“ordinary shares”) and public warrants to purchase our ordinary shares (“Public Warrants”). In addition, subsequent to December 31, 2024, we registered two additional classes of securities under Section 12 of the Exchange Act: Tranche A public warrants to purchase our ordinary shares (“Tranche A Warrants”), and Tranche B public warrants to purchase our ordinary shares (“Tranche B Warrants”). Set forth below is a summary of certain information concerning (i) our ordinary shares as well as a description of certain material terms of our Fourth Amended and Restated Memorandum and Articles of Association (the “Articles”), effective as of December 23, 2024, and relevant provisions of Cayman Islands law, (ii) our Public Warrants, (iii) our Tranche A Warrants and (iv) our Tranche B Warrants. Because the following is only a summary, it does not contain all of the information that may be important to you. The following summary does not purport to be complete and is qualified in its entirety by reference to applicable Cayman Islands law and our Articles in respect of the ordinary shares, and the relevant warrant agreements in respect of the Public Warrants, Tranche A Warrants and Tranche B Warrants. Our Articles and each of the warrant agreements in respect of the Public Warrants, Tranche A Warrants and Tranche B Warrants have been publicly filed with the Securities and Exchange Commission (“SEC”).

### General

We are a Cayman Islands exempted company with limited liability (company number 376116). Our affairs are governed by our Articles as amended and restated from time to time and the Companies Act (As Revised) of the Cayman Islands (the “Companies Act”).

Our objects are unrestricted, and Section 3 of our Articles provides that we shall have full power and authority to carry out any object not prohibited by the laws of the Cayman Islands.

Our register of members is maintained by Continental Stock Transfer & Trust Company.

### Ordinary Shares

#### General

The authorized share capital of the Company is \$210,000 divided into 200,000,000 ordinary shares, par value \$0.001 per share, and 10,000,000 preferred shares, par value \$0.001 per share. All of our issued and outstanding ordinary shares are fully paid and non-assessable. Certificates representing our issued and outstanding ordinary shares are generally not issued and legal title to our issued shares is recorded in registered form in the register of members. Other than as described below under the heading “—*Shareholder Participation Rights*,” holders of ordinary shares do not have any conversion, preemptive or other subscription rights and there are no sinking fund or redemption provisions applicable to the ordinary shares.

We currently have only one class of issued ordinary shares, which have identical rights in all respects and rank equally with one another. There is no cumulative voting with respect to the election of directors at a general meeting, with the result that the holders of more than 50% of the shares voted for the election of directors can elect the directors, subject to the nomination rights held by Mudrick Capital and Stephen Fitzpatrick's right to serve as a General Director as described below under the heading “—*Directors*.”

Our board of directors (“Board”) may provide for other classes of shares, including classes of preferred shares, out of our authorized but unissued share capital, which could be utilized for a variety of corporate purposes, including future offerings to raise capital for corporate purposes or for use in employee benefit plans. Such additional classes of shares shall have such rights, restrictions, preferences, privileges and payment obligations as determined by our Board. If we issue any preferred shares, the rights, preferences and privileges of holders of our ordinary shares will be subject to, and may be adversely affected by, the rights of the holders of such preferred shares. See “—*Variations of Rights of Shares*.”

As of December 31, 2024, there were 69,542,515 ordinary shares issued and outstanding, and as of February 14, 2025, there were 84,552,721 ordinary shares issued and outstanding.

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## ***Dividends***

The holders of our ordinary shares are entitled to such dividends as may be declared by our Board subject to the Companies Act and our Articles. Dividends and other distributions on issued and outstanding ordinary shares may be paid out of the funds of the Company lawfully available for such purpose, subject to any preference of any outstanding preferred shares. Dividends and other distributions will be distributed among the holders of our ordinary shares on a pro rata basis. Subject to the foregoing, the payment of cash dividends in the future, if any, will be at the discretion of our Board and will depend upon such factors as earnings levels, capital requirements, contractual restrictions, our overall financial condition, available distributable reserves and any other factors deemed relevant by our Board.

## ***Voting Rights***

Holders of ordinary shares are entitled to one vote for each share held of record on all matters to be voted on by shareholders. A quorum required for a meeting of shareholders consists of members holding at least a simple majority of all voting share capital in issue at any such general meeting of the Company. Voting at any meeting of shareholders is by poll and not on a show of hands.

A special resolution will be required for important matters such as a merger or consolidation of the Company, change of name or making changes to our Articles or the voluntary winding up of the Company.

The adoption of any ordinary resolution by our shareholders requires the affirmative vote of a simple majority of the votes permitted to be cast by persons present (in person or by proxy) and voting at a general meeting at which a quorum is present, while a special resolution requires the affirmative vote of no less than two-thirds of the votes permitted to be cast by persons present (in person or by proxy) and voting at any such meeting, or, in each case, a unanimous resolution in writing.

## ***Shareholder Meetings***

Our Articles provide that notice of any general meeting shall be provided to each shareholder entitled to vote at such meeting not less than seven calendar days but not more than sixty calendar days before the date of the meeting. The notice shall specify the place, if any, date and time of the meeting, the means of remote communication, if any, by which shareholders and proxy holders may be deemed to be present in person and vote at such meeting, and, in the case of an extraordinary general meeting, the purpose or purposes for which the meeting is called. No business shall be transacted at any general meeting unless a quorum of shareholders is present at the time when the meeting proceeds to business. A quorum required for a meeting of shareholders consists of members holding at least a simple majority of all voting share capital in issue at any such general meeting of the Company.

Under our Articles, all general meetings of the Company other than annual general meetings are called extraordinary general meetings. No business may be transacted at any general meeting other than business properly brought before the meeting.

### *Annual General Meetings*

Our Articles provide that the Company shall hold an annual general meeting in each fiscal year of the Company, to be held at such time and place as our directors approve. To be properly brought before an annual general meeting, business must be (i) specified in a notice of meeting given by or at the direction of the Board, (ii) otherwise brought before the meeting by the Board or the chairman of the Board, or (iii) notified to the Company in writing not later than the seventh day after the delivery of notice of such meeting by shareholders holding greater than an aggregate of 10.0% of the issued and outstanding ordinary shares.

### *Extraordinary General Meetings*

Our Articles provide that extraordinary general meetings for any purpose or purposes may be called at any time (i) by a resolution adopted by the majority of our directors or (ii) by the Board upon a valid request by shareholders holding an aggregate of 10.0% of the issued and outstanding ordinary shares. To be properly brought before an extraordinary general meeting, business must be specified in a notice of meeting given by or at the direction of the person calling the meeting, which may include any such business as the requesting shareholders may propose, subject to applicable law.

The Board can, in good faith, refuse the calling of an extraordinary general meeting at the request of shareholders holding greater than an aggregate of 10.0% of the ordinary shares issued and outstanding, but only if the resolution proposed to be dealt with at the extraordinary general meeting cannot be properly moved because it would be contrary to applicable law. If the Board does not convene an extraordinary general meeting within twenty-one days from the date on which a valid request is received, other than in the limited circumstances in which the Board would have a right to refuse the calling of an extraordinary general meeting, the requesting shareholders may convene an extraordinary general meeting, which shall be convened in the same manner as nearly as possible as that in which extraordinary general meetings are convened by the Board.

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### ***Variations of Rights of Shares***

Under the Articles, if our share capital is divided into more than one class of shares, the rights attached to any such class may, whether or not the Company is being wound up, be varied without the consent of the holders of the issued shares of that class where such variation is considered by our directors not to have a material adverse effect upon such rights; otherwise, any such variation shall be made only with the consent in writing of the holders of not less than two thirds of the issued shares of that class or with the approval of a resolution passed by a majority of not less than two thirds of the votes cast at a separate meeting of the holders of the shares of that class.

### ***Options***

Our board of directors is empowered to grant options with or without preferred, deferred, or other rights or restrictions. We currently have in place two employee incentive plans under which options in our ordinary shares can be granted to eligible employees.

### ***Transfer of Ordinary Shares***

Any of our shareholders may transfer all or any of their ordinary shares by an instrument of transfer in the usual or common form or any other form prescribed by the stock exchange, the SEC and/or any other competent regulatory authority or otherwise under applicable law, or approved by our Board, subject to the applicable restrictions of our Articles, such as the determination by the directors that a proposed transfer is not eligible.

### ***Ownership Threshold***

There are no provisions under Cayman Islands law applicable to us, or under the Articles, that require us to disclose shareholder ownership above any particular ownership threshold.

### ***Rights of Non-Resident or Foreign Shareholders***

There are no limitations imposed by the Articles on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in the Articles governing the ownership threshold above which shareholder ownership must be disclosed.

### ***Anti-Takeover Provisions in the Articles***

Some provisions of the Articles may discourage, delay or prevent a change of control of the Company or management that shareholders may consider favorable, including director nomination rights granted to Mudrick Capital for a number of directors proportionate in number to its share ownership percentage so long as Mudrick Capital beneficially owns greater than 10.0% of our issued and outstanding ordinary shares, and a provision that authorizes our Board to issue preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference shares without any further vote or action by our shareholders.

### ***Liquidation***

On a winding-up or other return of capital, subject to any special rights attaching to any other class of shares, holders of ordinary shares will be entitled to participate in any surplus assets in proportion to their shareholdings.

### ***Calls on Shares and Forfeiture of Shares***

Our Board may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 days prior to the specified time of payment. The shares that have been called upon and remain unpaid are subject to forfeiture.

### ***Shareholder Participation Rights***

Pursuant to a Shareholder Letter Agreement, dated as of December 23, 2024, by and among the Company, Mudrick Capital, Stephen Fitzpatrick and Imagination Aero Investments Limited ("Imagination Aero"), a wholly owned entity of Mr. Fitzpatrick, so long as (i) Mudrick Capital directly or indirectly beneficially owns at least 20% of our issued and outstanding ordinary shares or (ii) Mr. Fitzpatrick and Imagination Aero, together with any other fund, entity or account that is affiliated with Mr. Fitzpatrick (the

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“SF Parties”), directly or indirectly beneficially owns at least 3% of our issued and outstanding ordinary shares, Mudrick Capital and/or the SF Parties may elect to participate in our offering of newly issued ordinary shares and any other securities (including any equity securities or debt securities that are convertible into ordinary shares or the other equity securities of Vertical or our subsidiaries) (the “New Securities”) at a price and on the terms specified in the relevant offer notice, up to such number of New Securities proportionate to Mudrick Capital and/or the SF Parties’ beneficial ownership of our issued and outstanding ordinary shares relative to the number of New Securities to be offered by us.

### *Directors*

Our management is vested in our Board. Our Articles provide that questions arising at any meeting of directors shall be decided by the votes of a majority of the directors presented at a duly held meeting at which a quorum is present, or by unanimous written resolution of the Board. The quorum necessary for any Board meeting shall consist of at least a majority of the members of our Board.

Our Articles provide that the Board shall consist of up to seven directors (but not less than one director), unless increased or decreased from time to time by the directors or the Company in a general meeting, and the Board shall consist of a majority of independent directors.

Pursuant to our Articles, so long as Mudrick Capital beneficially owns at least 10.0% of our issued and outstanding ordinary shares, Mudrick Capital shall be entitled to nominate for election a number of individuals to serve as directors on the Board proportionate in number (rounded to the nearest whole number), on the basis of a Board consisting of seven directors, to Mudrick Capital’s percentage of beneficial ownership of the our issued and outstanding ordinary shares (each, upon the effectiveness of their appointment, an “Appointed Director”). Such nomination rights shall terminate on the first date on which Mudrick Capital beneficially owns less than 10.0% of our issued and outstanding ordinary shares on a fully diluted basis (assuming the exercise or exchange of all Vertical warrants, options and other similar instruments that are able to be exercised or exchanged as at the relevant date, and the full conversion of the outstanding Convertible Senior Secured Notes issued under the Indenture that are held by Mudrick Capital as at the relevant date), and the maximum number of Appointed Directors shall be capped as six so long as the SF Entitlement (as defined below) is applicable. Any casual vacancy on the Board in respect of an Appointed Director position shall be subject to Mudrick Capital’s nomination rights.

Our Articles provide that the nominating and corporate governance committee of the Board (the “Nominating and Governance Committee”) shall review each candidate nominated by Mudrick Capital to be an independent director for fitness and, if deemed fit for service, the Nominating and Governance Committee will recommend the individuals for election by a majority vote of the Board. The Nominating and Governance Committee shall recommend for election by a majority vote of the Board each candidate deemed fit for service by Mudrick and nominated by Mudrick Capital to be a non-independent Appointed Director.

Director positions other than for an Appointed Director (each such director, a “General Director”) may be filled by the affirmative vote of a simple majority of the remaining directors present and voting at a Board meeting, or by ordinary resolution (or, in the event that there is more than one individual proposed in respect of a single General Director position, by a plurality of votes) at a general meeting of the Company’s shareholders. So long as the SF Parties beneficially own at least 3% of our issued and outstanding ordinary shares, Mr. Fitzpatrick shall be entitled to serve as a General Director on the Board (the “SF Entitlement”).

A director may be removed from office by an ordinary resolution of the shareholders with cause, and any director other than Mr. Fitzpatrick may be removed from office by an ordinary resolution of the shareholders without cause, in each case at any time before the expiration of their term. Other than in respect of an independent Appointed Director, Mudrick Capital may remove any Appointed Director by delivering notice to the Company.

Each director shall hold office until the expiration of his or her term, until his or her successor shall have been duly elected and qualified or until his or her earlier death, resignation or removal.

There is no cumulative voting with respect to the appointment of directors.

Under our Articles, directors who are in any way, whether directly or indirectly, interested in a contract or proposed contract with our company must declare the nature of their interest at a meeting of the board of directors. Following such declaration, a director may vote in respect of any contract or proposed contract notwithstanding their interest; provided that, in exercising any such vote, such director complies with their fiduciary duties and any other applicable duties.

Our directors are entitled to such remuneration as the directors may from time to time determine.

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### ***Indemnity of Directors and Officers***

Our Articles provide that our Board and officers shall be indemnified from and against all liability which they incur in execution of their duty in their respective offices to the fullest extent permitted under the laws of the Cayman Islands.

### **Differences in Company Law**

Cayman Islands companies are governed by the Companies Act. The Companies Act is modeled on English Law but does not follow recent English Law statutory enactments, and differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the material differences between the provisions of the Companies Act applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

### ***Mergers and Similar Arrangements***

In certain circumstances, the Companies Act allows for mergers or consolidations between two Cayman Islands companies, or between a Cayman Islands exempted company and a company incorporated in another jurisdiction (*provided that* it is permitted or not prohibited by the constitutional documents of the company incorporated in another jurisdiction and facilitated by the laws of that other jurisdiction).

Where the merger or consolidation is between two Cayman Islands companies, the directors of each company must approve a written plan of merger or consolidation containing certain prescribed information. That plan of merger or consolidation must then be authorized by (a) a special resolution (usually the affirmative vote of the holders of at least a two-thirds (2/3) majority of the issued ordinary shares of the company that are present in person or represented by proxy and entitled to vote thereon and who vote at the general meeting) of the shareholders of each company; and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. Unless required by its articles of association, no shareholder resolution is required for a merger between a parent company (i.e., a company that owns at least 90% of the issued shares of each class in a subsidiary company) and its subsidiary company if a copy of the plan of merger or consolidation is given to every member of the subsidiary company unless that member agrees otherwise.

The consent of each holder of a fixed or floating security interest of a constituent company must be obtained, unless the Cayman Islands court waives such requirement or makes such order as the Cayman Islands court otherwise considers reasonable. If the Registrar of Companies of the Cayman Islands is satisfied that the requirements of the Companies Act (which includes certain other formalities) have been complied with, the Registrar of Companies of the Cayman Islands will register the plan of merger or consolidation.

After obtaining the relevant authorizations and consents, a director of each Cayman Islands company must sign the plan of merger or consolidation on behalf of their company and file the plan with the Registrar of Companies together with prescribed documents such as certificates of good standing, director's declarations that, among other things: (a) the constituent company is, and the consolidated or surviving company will be, immediately after merger or consolidation, able to pay its debts as they fall due; (b) that the merger or consolidation is bona fide and not intended to defraud unsecured creditors of the constituent companies; and that (c)(i) no petition or other similar proceeding has been filed and remains outstanding or order made or resolution adopted to wind up the company in any jurisdiction; (iii) no receiver, trustee, administrator or other similar person has been appointed in any jurisdiction and is acting in respect of the constituent company, its affairs or its property or any part thereof; and (iv) no scheme, order, compromise or other similar arrangement has been entered into or made in any jurisdiction whereby the rights of creditors of any constituent company are and continue to be suspended or restricted.

Where the merger or consolidation involves a foreign company and the surviving company is the foreign company, the procedure is similar, save that with respect to the foreign company, the directors of the Cayman Islands exempted company are required to make a declaration to the effect that, having made due enquiry, they are of the opinion that the requirements set out below have been met: (i) that the merger or consolidation is permitted or not prohibited by the constitutional documents of the foreign company and by the laws of the jurisdiction in which the foreign company is incorporated, and that those laws and any requirements of those constitutional documents have been or will be complied with; (ii) that no petition or other similar proceeding has been filed and remains outstanding or order made or resolution adopted to wind up or liquidate the foreign company in the jurisdiction in which the foreign company is existing; (iii) that no receiver, trustee, administrator or other similar person has been appointed in any jurisdiction and is acting in respect of the foreign company, its affairs or its property or any part thereof; and (iv) that no scheme, order, compromise or other similar arrangement has been entered into or made in any jurisdiction whereby the rights of creditors of the foreign company are and continue to be suspended or restricted.

Where the surviving company is the Cayman Islands exempted company, the directors of the Cayman Islands exempted company are further required to make a declaration to the effect that, having made due enquiry, they are of the opinion that the requirements set out below have been met: (i) that the foreign company is able to pay its debts as they fall due and that the merger

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or consolidation is bona fide and not intended to defraud unsecured creditors of the foreign company; (ii) that in respect of the transfer of any security interest granted by the foreign company to the surviving or consolidated company (a) consent or approval to the transfer has been obtained, released or waived; (b) the transfer is permitted by and has been approved in accordance with the constitutional documents of the foreign company; and (c) the laws of the jurisdiction of the foreign company with respect to the transfer have been or will be complied with; (iii) that the foreign company will, upon the merger or consolidation becoming effective, cease to be incorporated, registered or exist under the laws of the relevant foreign jurisdiction; and (iv) that there is no other reason why it would be against the public interest to permit the merger or consolidation.

Where the above procedures are adopted, the Companies Act provides for a right of dissenting shareholders to be paid a payment of the fair value of their shares upon their dissenting to the merger or consolidation if they follow a prescribed procedure. In essence, that procedure is as follows: (a) the shareholder must give their written objection to the merger or consolidation to the constituent company before the vote on the merger or consolidation, including a statement that the shareholder proposes to demand payment for their shares if the merger or consolidation is authorized by the vote; (b) within 20 days following the date on which the merger or consolidation is approved by the shareholders, the constituent company must give written notice of such approval to each shareholder who made a written objection; (c) a shareholder must within 20 days following receipt of such notice from the constituent company, give the constituent company a written notice of their intention to dissent including, among other details, a demand for payment of the fair value of their shares; (d) within seven days following the date of the expiration of the period set out in paragraph (c) above or within seven days following the date on which the plan of merger or consolidation is filed, whichever is later, the constituent company, the surviving company or the consolidated company must make a written offer to each dissenting shareholder to purchase their shares at a price that the company determines is the fair value and if the company and the shareholder agree the price within 30 days following the date on which the offer was made, the company must pay the shareholder such amount; and (e) if the company and the shareholder fail to agree a price within such 30 day period, within 20 days following the date on which such 30 day period expires, the company (and any dissenting shareholder may) shall file a petition with the Cayman Islands courts to determine the fair value and such petition must be accompanied by a list of the names and addresses of the dissenting shareholders with whom agreements as to the fair value of their shares have not been reached by the company. At the hearing of that petition, the Cayman Islands court has the power to determine the fair value of the shares together with a fair rate of interest, if any, to be paid by the company upon the amount determined to be the fair value. Any dissenting shareholder whose name appears on the list filed by the company may participate fully in all proceedings until the determination of fair value is reached. These rights of a dissenting shareholder are not available in certain circumstances, for example, to dissenters holding shares of any class in respect of which an open market exists on a recognized stock exchange or recognized interdealer quotation system at the relevant date where the consideration for such shares are shares of any company listed on a national securities exchange or shares of the surviving or consolidated company.

Moreover, Cayman Islands law has separate statutory provisions that facilitate the reconstruction or amalgamation of companies in certain circumstances, that will generally be more suited for complex mergers or other transactions involving widely held companies. Such transactions, commonly referred to in the Cayman Islands as a “scheme of arrangement,” may be tantamount to a merger. In the event that a merger was sought pursuant to a scheme of arrangement (the procedures for which are more rigorous and take longer to complete than the procedures typically required to consummate a merger in the United States), the arrangement in question must be approved by (i) in respect a scheme of arrangement proposed between a company and its shareholders (or any class of shareholder), three fourths in value of the shareholders (or each class of shareholder) who attend and vote, either in person or by proxy, at a meeting (or meetings) convened for that purpose; or (ii) in respect of a scheme of arrangement proposed between a company and its creditors (or any class of creditors), a majority in number representing three fourths in value of the creditors (or each class of creditors) who attend and vote, either in person or by proxy, at a meeting (or meetings) convened for that purpose. The convening of the meetings and subsequently the terms of the arrangement must be sanctioned by the Cayman Islands court. While a dissenting shareholder would have the right to express to the Cayman Islands court the view that the scheme of arrangement should not be sanctioned, the Cayman Islands court may be expected to sanction the scheme of arrangement if it satisfies itself that:

- the company is not proposing to act illegally or beyond the scope of its corporate authority and the statutory provisions as to majority vote have been complied with;
- the shareholders have been fairly represented at the meeting in question;
- the arrangement is such as a businessman would reasonably approve; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act or that would amount to a “fraud on the minority.”

If a scheme of arrangement is sanctioned by the Cayman Islands court, the scheme of arrangement will be binding on all of the shareholders (or each class of shareholder) or creditors (or each class of creditor).

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If a scheme of arrangement or takeover offer (as described below) is sanctioned by the Cayman Islands court, any dissenting shareholder would have no rights comparable to appraisal rights (providing rights to receive payment in cash for the judicially determined value of the shares), which would otherwise ordinarily be available to dissenting shareholders of United States corporations.

### ***Squeeze-out Provisions***

When a takeover offer is made and accepted by holders of not less than 90% of the shares to whom the offer relates within four months, the offeror may, within a two-month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Cayman Islands courts, but this is unlikely to succeed unless there is evidence of fraud, bad faith, collusion or inequitable treatment of the shareholders.

Further, transactions similar to a merger, reconstruction and/or an amalgamation may in some circumstances be achieved through means other than these statutory provisions, such as a share capital exchange, asset acquisition or control, or through contractual arrangements of an operating business.

### ***Shareholders' Suits***

Walkers (Cayman) LLP, our Cayman Islands legal counsel, is not aware of any reported class action having been brought in a Cayman Islands court. Derivative actions have been brought in the Cayman Islands courts, and the Cayman Islands courts have confirmed the availability for such actions. In most cases, we will be the proper plaintiff in any claim based on a breach of duty owed to us, and a claim against (for example) our officers or directors usually may not be brought by a shareholder. However, based both on Cayman Islands authorities and on English authorities, which would in all likelihood be of persuasive authority and be applied by a court in the Cayman Islands, exceptions to the foregoing principle apply in circumstances in which:

- a company is acting, or proposing to act, illegally or beyond the scope of its authority;
- the act complained of, although not beyond the scope of the authority, could be effected if duly authorized by more than the number of votes which have actually been obtained; or
- those who control the company are perpetrating a “fraud on the minority.”

A shareholder may have a direct right of action against us where the individual rights of that shareholder have been infringed or are about to be infringed.

### ***Enforcement of Civil Liabilities***

The Cayman Islands has a different body of securities laws as compared to the United States and provides less protection to investors. Additionally, Cayman Islands companies may not have standing to sue before the Federal courts of the United States.

We have been advised by Walkers (Cayman) LLP, our Cayman Islands legal counsel, that the courts of the Cayman Islands are unlikely (i) to recognize or enforce against us judgments of courts of the United States predicated upon the civil liability provisions of the federal securities laws of the United States or any state; and (ii) in original actions brought in the Cayman Islands, to impose liabilities against us predicated upon the civil liability provisions of the federal securities laws of the United States or any state, so far as the liabilities imposed by those provisions are penal in nature. In those circumstances, although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, the courts of the Cayman Islands will recognize and enforce a foreign money judgment of a foreign court of competent jurisdiction without retrial on the merits based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given provided certain conditions are met. For a foreign judgment to be enforced in the Cayman Islands, such judgment must be final and conclusive and for a liquidated sum, and must not be in respect of taxes or a fine or penalty, inconsistent with a Cayman Islands judgment in respect of the same matter, impeachable on the grounds of fraud or obtained in a manner, and or be of a kind the enforcement of which is, contrary to natural justice or the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to public policy). A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

### ***Special Considerations for Exempted Companies***

We are an exempted company with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business

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mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary resident company except for the exemptions and privileges listed below:

- an exempted company does not have to file an annual return of its shareholders with the Registrar of Companies of the Cayman Islands;
- an exempted company's register of members is not open to inspection;
- an exempted company does not have to hold an annual general meeting;
- an exempted company may issue shares with no par value;
- an exempted company may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 30 years in the first instance);
- an exempted company may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- an exempted company may register as a limited duration company; and
- an exempted company may register as a segregated portfolio company.

"Limited liability" means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

#### ***Indemnification of Directors and Executive Officers and Limitation of Liability***

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against willful default, willful neglect, actual fraud or the consequences of committing a crime. Our Articles permit indemnification of officers and directors, to the fullest extent permitted under the laws of the Cayman Islands, for any liability and loss suffered and expenses, including legal expenses, incurred in their capacities as such in connection with any action, suit or proceeding, where civil, administrative or investigative. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation. In addition, we have entered into indemnification agreements with our directors that will provide such persons with additional indemnification beyond that provided in our Articles.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

#### ***Directors' Fiduciary Duties***

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself or herself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director act in a manner he or she reasonably believes to be in the best interests of the corporation. A director must not use his or her corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, a director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

Under Cayman Islands law, directors and officers owe the following fiduciary duties:

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- duty to act in good faith in what the director or officer believes to be in the best interests of the company as a whole;
- duty to exercise powers for the purposes for which those powers were conferred and not for a collateral purpose;
- directors should not improperly fetter the exercise of future discretion;
- duty to exercise powers fairly as between different sections of shareholders;
- duty not to put themselves in a position in which there is a conflict between their duty to the company and their personal interests; and
- duty to exercise independent judgment.

In addition to the above, directors also owe a duty of care which is not fiduciary in nature. This duty has been defined as a requirement to act as a reasonably diligent person having both the general knowledge, skill and experience that may reasonably be expected of a person carrying out the same functions as are carried out by that director in relation to the company and the general knowledge skill and experience of that director.

As set out above, directors have a duty not to put themselves in a position of conflict and this includes a duty not to engage in self-dealing, or to otherwise benefit as a result of their position. However, in some instances what would otherwise be a breach of this duty can be forgiven and/or authorized in advance by the shareholders provided that there is full disclosure by the directors. This can be done by way of permission granted in the Articles or alternatively by shareholder approval at general meetings.

#### ***Shareholder Action by Written Consent***

Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. The Articles provide that shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

#### ***Shareholder Proposals***

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. The Articles provide that shareholders holding greater than an aggregate of 10.0% of the ordinary shares issued and outstanding of the Company (i) may call an extraordinary general meeting and put forth proposals at such extraordinary general meeting, and (ii) may put forth proposals at an annual general meeting, in each case subject to compliance with the relevant notice provisions in the Articles.

#### ***Cumulative Voting***

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. As permitted under Cayman Islands law, the Articles do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

#### ***Removal of Directors***

Under the Delaware General Corporation Law, a director of a corporation may be removed for cause with the approval of a majority of the issued and outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under the Articles, directors may be removed by the shareholders for "cause" (i.e., a conviction of a felony, the willful misconduct in the performance of director's duties to the Company in a matter of substantial importance, or mental incompetency that directly affects

such director's ability to perform his or her obligations as a director) by an ordinary resolution. Directors other than Mr. Fitzpatrick may be removed by the shareholders without cause by an ordinary resolution. A director will also cease to be a director if he or she (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns his office by notice in writing; (iv) is prohibited by applicable law from being a director; or (v) the director absents himself or herself (for the avoidance of doubt, without being represented by proxy) from meetings of the Board for six consecutive months without special leave of absence from the directors, and the directors pass a resolution that he or she has by reason of such absence vacated office.

#### ***Transactions with Interested Shareholders***

The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute under its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and for a proper corporate purpose and not with the effect of constituting a fraud on the minority shareholders.

#### ***Dissolution; Winding Up***

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Under the Articles, if the Company is wound up, the liquidator of our company may distribute the assets with the sanction of a special resolution of the shareholders and any other sanction required by law.

#### ***Variation of Rights of Shares***

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise.

Under the Articles, if our share capital is divided into more than one class of shares, the rights attached to any such class may, whether or not the Company is being wound up, be varied without the consent of the holders of the issued shares of that class where such variation is considered by our directors not to have a material adverse effect upon such rights; otherwise, any such variation shall be made only with the consent in writing of the holders of not less than two thirds of the issued shares of that class or with the approval of a resolution passed by a majority of not less than two thirds of the votes cast at a separate meeting of the holders of the shares of that class.

#### ***Amendment of Governing Documents***

Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote on the matter, unless the certificate of incorporation provides otherwise. As permitted by Cayman Islands law, the Articles may only be amended by a special resolution of the shareholders.

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### ***Directors' Power to Issue Shares***

Subject to applicable law, our board of directors is empowered to issue or allot shares or grant options and warrants with or without preferred, deferred, or other rights or restrictions.

### ***Inspection of Books and Records***

Under the Delaware General Corporation Law, any shareholder of a corporation may for any proper purpose inspect or make copies of the corporation's stock ledger, list of shareholders and other books and records.

Holders of our shares have no general right under Cayman Islands law to inspect or obtain copies of our register of members or our corporate records.

### ***Waiver of Certain Corporate Opportunities***

Under the Articles, the Company has renounced any interest or expectancy of the Company in, or in being offered an opportunity to participate in, certain opportunities where such opportunities come into the possession of one of our directors other than in his or her capacity as a director (as more particularly described in the Articles). This is subject to applicable law and may be waived by the relevant director.

### ***Listing***

Our ordinary shares are listed on the New York Stock Exchange under the symbol "EVTL."

### **Public Warrants**

As of both December 31, 2024 and February 14, 2025, there were 15,264,935 Public Warrants outstanding.

Ten whole warrants entitle the registered holder to purchase one ordinary share at a price of \$115.00 per share, subject to adjustment as discussed below. The warrants will expire on December 16, 2026, five years after the date on which our business combination with Broadstone Acquisition Corp. was completed, at 5:00 p.m., New York City time, or earlier upon redemption or liquidation.

We will not be obligated to deliver any ordinary shares pursuant to the exercise of a warrant and will have no obligation to settle such warrant exercise unless a registration statement under the Securities Act with respect to the ordinary shares underlying the warrants is then effective and a prospectus relating thereto is current, subject to our satisfying our obligations described below with respect to registration, or a valid exemption from registration is available. No warrant will be exercisable and we will not be obligated to issue an ordinary share upon exercise of a warrant unless the ordinary share issuable upon such warrant exercise has been registered, qualified or deemed to be exempt under the securities laws of the state of residence of the registered holder of the warrants. In the event that the conditions in the two immediately preceding sentences are not satisfied with respect to a warrant, the holder of such warrant will not be entitled to exercise such warrant and such warrant may have no value and expire worthless. In no event will we be required to net cash settle any warrant.

We have agreed to use our commercially reasonable efforts to maintain the effectiveness of a registration statement filed with the SEC and a current prospectus relating to those ordinary shares until the warrants expire or are redeemed, as specified in the warrant agreement; provided that if our ordinary shares are at the time of any exercise of a warrant not listed on a national securities exchange such that they satisfy the definition of a "covered security" under Section 18(b)(1) of the Securities Act, we may, at our option, require holders of warrants who exercise their warrants to do so on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act and, in the event we so elect, we will not be required to file or maintain in effect a registration statement. Warrant holders may exercise warrants on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act or another exemption during any period when we will have failed to maintain an effective registration statement, but we will use our commercially reasonable efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available. In such event, each holder would pay the exercise price by surrendering the warrants for that number of ordinary shares equal to the lesser of (A) the quotient obtained by dividing (x) the product of the number of ordinary shares underlying the warrants, multiplied by the excess of the "fair market value" (defined below) over the exercise price of the warrants by (y) the fair market value and (B) 0.361 per whole warrant. The "fair market value" as used in this paragraph shall mean the volume weighted average price of the ordinary shares for the 10 trading days ending on the trading day prior to the date on which the notice of exercise is received by the warrant agent.

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No fractional ordinary shares will be issued upon exercise. If, upon exercise, a holder would be entitled to receive a fractional interest in a share, we will round down to the nearest whole number of the number of ordinary shares to be issued to the holder.

A holder of a warrant may notify us in writing in the event it elects to be subject to a requirement that such holder will not have the right to exercise such warrant, to the extent that after giving effect to such exercise, such person (together with such person's affiliates), to the warrant agent's actual knowledge, would beneficially own in excess of 4.9% or 9.8% (as specified by the holder) of the ordinary shares issued and outstanding immediately after giving effect to such exercise.

***Redemption of warrants for cash when the price per ordinary share equals or exceeds \$180.00.*** Once the warrants become exercisable, we may redeem the outstanding warrants:

- in whole and not in part;
- at a price of \$0.01 per warrant;
- upon a minimum of 30 days' prior written notice of redemption to each warrant holder; and
- if, and only if, the closing price of the ordinary shares equals or exceeds \$180.00 per share (as adjusted for adjustments to the number of shares issuable upon exercise or the exercise price of a warrant as described below) for any 20 trading days within a 30-trading day period ending three trading days before we send the notice of redemption to the warrant holders.

We will not redeem the warrants as described above unless a registration statement under the Securities Act covering the issuance of the ordinary shares issuable upon exercise of the warrants is then effective and a current prospectus relating to those ordinary shares is available throughout the 30-day redemption period. If and when the warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws.

***Redemption of warrants for ordinary shares when the price per ordinary share equals or exceeds \$100.00.*** Once the warrants become exercisable, we may redeem the outstanding warrants:

- in whole and not in part;
- at \$0.10 per warrant upon a minimum of 30 days' prior written notice of redemption provided that holders will be able to exercise their warrants on a cashless basis prior to redemption and receive that number of shares determined by reference to the table below, based on the redemption date and the "fair market value" of our ordinary shares (as defined below) except as otherwise described below;
- if, and only if, the closing price of our ordinary shares equals or exceeds \$100.00 per share (as adjusted for adjustments to the number of shares issuable upon exercise or the exercise price of a warrant as described below) for any 20 trading days within the 30-trading day period ending three trading days before we send the notice of redemption to the warrant holders; and
- if the closing price of the ordinary shares for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which we send the notice of redemption to the warrant holders is less than \$180.00 per share (as adjusted for adjustments to the number of shares issuable upon exercise or the exercise price of a warrant as described below).

Beginning on the date the notice of redemption is given until the warrants are redeemed or exercised, holders may elect to exercise their warrants on a cashless basis. In such event, each holder of the warrants would pay the exercise price by surrendering the whole warrants for that number of ordinary shares determined based on the redemption date and the "fair market value" of our ordinary shares. The "fair market value" is determined for these purposes based on volume weighted average price of our ordinary shares during the 10 trading days immediately following the date on which the notice of redemption is sent to the holders of warrants, and the number of months that the corresponding redemption date precedes the expiration date of the warrants. We will provide our warrant holders with the final fair market value no later than one business day after the 10-trading day period described above ends. In addition, we may, at our option, require all holders of warrants to exercise their warrants on a "cashless basis" if our ordinary shares are at the time of exercise of a public warrant not listed on a national securities exchange such that it satisfies the definition of a "covered security" under Section 18(b)(1) of the Securities Act (or any successor rule).

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The exercise price and number of ordinary shares issuable on exercise of the warrants may be adjusted in certain circumstances including in the event of a share dividend, share split-up, extraordinary dividend or our recapitalization, reorganization, merger or consolidation.

The warrants are issued in registered form under a warrant agreement between Continental Stock Transfer & Trust Company, as warrant agent, and us. The warrant agreement provides that the terms of the warrants may be amended without the consent of any holder for the purpose of curing any ambiguity or correct any mistake, but requires the approval by the holders of at least 50% of the then-outstanding warrants in order to make any change that adversely affects the interests of the registered holders.

The warrant holders do not have the rights or privileges of holders of ordinary shares and any voting rights until they exercise their warrants and receive ordinary shares. After the issuance of ordinary shares upon exercise of the warrants, each holder will be entitled to one vote for each share held of record on all matters to be voted on by shareholders.

If, upon exercise of the warrants, a holder would be entitled to receive a fractional interest in a share, we will, upon exercise, round down to the nearest whole number the number of ordinary shares to be issued to the warrant holder.

We have agreed that, subject to applicable law, any action, proceeding or claim against us arising out of or relating in any way to the warrant agreement, including under the Securities Act, will be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and we irrevocably submit to such jurisdiction, which jurisdiction will be the exclusive forum for any such action, proceeding or claim.

### ***Listing and Delisting***

Our Public Warrants commenced trading on the New York Stock Exchange on December 16, 2021 under the symbol “EVTL.” On December 4, 2024, the NYSE filed a Form 25 with the SEC, removing the Public Warrants from their listing on the NYSE based on the determination that the Public Warrants are no longer suitable for listing based on “abnormally low selling price” levels, pursuant to Section 802.01D of the NYSE Listed Company Manual.

### **Tranche A Warrants and Tranche B Warrants**

As of January 24, 2025, the date of their issuance, and February 14, 2025, there were 7,500,000 Tranche A Warrants and 7,500,000 Tranche B Warrants outstanding.

### ***Exercisability***

The Tranche A Warrants will expire at 5:00 p.m. New York City time on the earliest to occur of: (i) the satisfaction of both of the following conditions: (a) we successfully demonstrate a wing-borne flight of our VX4 prototype aircraft, which involves the aircraft (x) taking off as a CTOL aircraft, (y) flying to high speed with lift generated by the wing and the tilt propellers facing forward, and (z) landing safely as a CTOL aircraft from such flight (the “Performance Condition”) and (b) the 10-day volume weighted average price of the ordinary shares as reported by Bloomberg commencing on the trading day immediately following the initial public disclosure by means of a press release or Form 6-K or equivalent form furnished to the SEC of the satisfaction of the Performance Condition (the “Initial Public Disclosure”) is equal to, or greater than, one hundred and three percent (103%) of the Tranche A Warrant Price (the “VWAP Condition”), the 30th calendar day following the date of the Initial Public Disclosure, and (ii) the five-year anniversary of the initial date of issuance.

The Tranche B Warrants will expire at 5:00 p.m. New York City time on the five-year anniversary of the initial date of issuance.

Each of the Tranche A Warrants and Tranche B Warrants (the “Warrants”) is exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice accompanied by payment in full in immediately available funds for the number of ordinary shares subscribed for upon such exercise (except in the case of a cashless exercise as discussed below).

We are not obligated to deliver any ordinary shares pursuant to the exercise of a Tranche A Warrant or a Tranche B Warrant and have no obligation to settle such warrant exercise unless a registration statement under the Securities Act with respect to the ordinary shares underlying the Tranche A Warrants or Tranche B Warrants is then effective and a prospectus relating thereto is current, subject to our satisfying our obligations described below with respect to registration, or a valid exemption from registration is available. No Warrant is exercisable and we are not obligated to issue an ordinary share upon exercise of a Tranche A Warrant or a Tranche B Warrant unless the ordinary share issuable upon such warrant exercise has been registered, qualified or deemed to be exempt under the securities laws of the state of residence of the registered holder of the Warrants. In the event that the conditions in the two immediately preceding sentences are not satisfied with respect to a Tranche A Warrant or a Tranche B Warrant, the

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holder of such warrant will not be entitled to exercise such warrant and such warrant may have no value and expire worthless. In no event will we be required to net cash settle any Tranche A Warrant or Tranche B Warrant.

A holder of a Tranche A Warrant or a Tranche B Warrant may notify us in writing in the event it elects to be subject to a requirement that such holder will not have the right to exercise such warrant, to the extent that after giving effect to such exercise, such person (together with such person's affiliates), to the warrant agent's actual knowledge, would beneficially own in excess of 4.9% or 9.8% (as specified by the holder) of the ordinary shares issued and outstanding immediately after giving effect to such exercise.

#### ***Exercise Price***

The Tranche A Warrants have an exercise price of \$6.00 per ordinary share, subject to adjustment, terms and limitations as described herein.

The Tranche B Warrants have an exercise price of \$7.50 per ordinary share, subject to adjustment, terms and limitations as described herein.

#### ***Cashless Exercise***

If, from 90 days following the date of original issuance until the applicable expiration date of the Tranche A Warrants or Tranche B Warrants, a registration statement registering the issuance of the ordinary shares underlying the Warrants under the Securities Act is not effective, the holder may, in its sole discretion, elect to exercise the Warrants through a cashless exercise, in which case the holder would receive upon such exercise the net number of ordinary shares determined according to the formula set forth in the Warrant Agreement, dated January 23, 2025, by and between the Company and Continental Stock Transfer & Trust Company, as warrant agent (the "Warrant Agreement"). A cashless exercise of Warrants is not available if, upon the exercise of Warrants and the issuance of ordinary shares underlying such Warrants, a holder can resell such ordinary shares pursuant to Rule 144 promulgated by the SEC under the Securities Act without limitation as to volume and manner of sale restrictions.

#### ***No Fractional Shares***

No fractional ordinary shares will be issued in connection with the exercise of a Warrant. In lieu of fractional shares, we will round down to the nearest whole number the number of ordinary shares to be issued to the holder and pay the holder an amount in cash equal to the fractional amount multiplied by the exercise price.

#### ***Certain Adjustments and Amendments***

The exercise price and number of ordinary shares issuable on exercise of the Warrants may be adjusted in certain circumstances including in the event of a share dividend, share split-up, extraordinary dividend or our recapitalization, reorganization, merger or consolidation. The Tranche A Warrants and Tranche B Warrants are issued in registered form under the Warrant Agreement. The Warrant Agreement provides that the terms of the Tranche A Warrants or Tranche B Warrants, as applicable, may be amended without the consent of any holder for the purpose of curing any ambiguity or correct any mistake, but requires the approval by the holders of a majority of the then-outstanding Tranche A Warrants or Tranche B Warrants, as applicable, in order to make any change that adversely affects the interests of the registered holders in any material respect.

#### ***Transferability***

Subject to applicable laws, the Warrants may be offered for sale, sold, transferred or assigned without our consent.

#### ***No Rights as a Shareholder***

The Warrants do not entitle the holder to any voting rights, dividends, or other rights as a shareholder of the Company prior to the exercise of the Warrants.

#### ***Exchange Listing***

There is no established public trading market for the Warrants, and we do not expect a market to develop. In addition, we do not intend to apply for the listing of the Warrants on any national securities exchange or other nationally recognized trading system. Without an active trading market, we expect the liquidity of the Warrants will be limited.

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***Governing Law***

Pursuant to the Warrant Agreement, subject to applicable law, any action, proceeding or claim against us arising out of or relating in any way to the Warrant Agreement, including under the Securities Act, will be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and we irrevocably submit to such jurisdiction, which jurisdiction will be the exclusive forum for any such action, proceeding or claim.

**Transfer Agent and Registrar**

The transfer agent and registrar for our ordinary shares, our Public Warrants, our Tranche A Warrants and our Tranche B Warrants is Continental Stock Transfer & Trust Company.

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# RULES

OF THE

## VERTICAL AEROSPACE LTD. 2021

### INCENTIVE AWARD PLAN

Board adoption:	9 December 2021
Stockholders' approval:	14 December 2021
Expiry date:	14 December 2031

*Date of amendment and restatement*

*27 January 2023*

*20 September 2024*

*Amendment and restatement change:*

*Amended and Restated; Schedule 3 addition - approved by the Compensation Committee of the board of directors.*

*Rule 3.1 - change in Stock limit as approved by Stockholders at AGM on 16 September 2024.*

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## Vertical Aerospace Ltd. 2021 Incentive Award Plan

### 1. Meaning of words used

#### 1.1 General

In these rules:

“**Award**” means a Conditional Award, an Option or a Phantom Award; “**Award Date**” means the date specified under rule 2.4 (Terms of Awards);

“**Board**” means the board of directors of the Company, the Compensation Committee of the board of directors of the Company or another committee duly authorised by it. For the purposes of rules 12 (Corporate events) and 13 (Exchange of Awards), it means those persons who were members of the Board immediately before the relevant event;

“**Business Day**” means a day on which the New York Stock Exchange (or, if the Board decides, any other stock exchange on which the Stock is traded) is open for the transaction of business;

“**Company**” means Vertical Aerospace Ltd.;

“**Conditional Award**” means a conditional right to acquire Stock granted under the Plan;

“**Control**” means the power of a person to secure by means of the holding of stock or the possession of voting power or by virtue of any powers conferred by any articles of association (or other document), that the affairs of a body corporate are conducted in accordance with the wishes of that person;

“**Consultant**” means any consultant or adviser engaged to provide services to the Company or any Member of the Group who qualifies as a consultant or advisor under the applicable rules of the US Securities and Exchange Commission for registration of stock on a Form S-8 Registration Statement;

“**Dealing Restrictions**” means any internal or external restrictions on dealings or transactions in securities;

“**Dividend Equivalent**” means a right to receive an additional amount, as set out in rule 6.3 (Dividend Equivalents);

“**Eligible Individual**” means any person who is an employee, a Consultant or a Non-Employee Director, as determined by the Board;

“**Exchange Act**” shall mean the US Securities Exchange Act of 1934, as amended from time to time;

“**Exercise Period**” means the period during which an Option may be exercised, starting when the Option Vests and ending on the 10<sup>th</sup> anniversary of the Award Date unless the Board decides that a shorter period will apply under rule 2.4 (Terms of Awards);

“**Group**” means the Company and any company that is a subsidiary of the Company and, for the purposes of rule 10 (Leaving), it includes associated companies nominated for this purpose by the Board, and “**Member of the Group**” will be understood accordingly;

“**Holding Period**” will be as described in rule 9 (Holding Period);

“**Leaves**” means ceasing to carry out services for all Members of the Group and “**Leaving**” will be understood accordingly;

“**Malus and Clawback Policy**” means the Vertical Aerospace Ltd. Group Malus and Clawback Policy (as amended from time to time), including any provisions adopted to comply with the requirements of

applicable law (including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act), and “**Malus**” and “**Clawback**” will be understood accordingly;

“**Market Value**” on any day means:

- (i) when Stock is (i) listed on any established securities exchange (such as the New York Stock Exchange, the Nasdaq Capital Market, the Nasdaq Global Market and the Nasdaq Global Select Market), (ii) listed on any national market system or (iii) quoted or traded on any automated quotation system, its Market Value shall be the closing sales price for Stock as quoted on such exchange or system for such date or, if there is no closing sales price for Stock on the date in question, the closing sales price for Stock on the last preceding date for which such quotation exists, as reported in *The Wall Street Journal* or such other source as the Board deems reliable. Notwithstanding the foregoing, if the Board determines in its discretion that an alternative definition of Market Value should be used in connection with the grant, exercise, vesting, settlement or payout of any Award, it may specify such alternative definition in the Award terms. Such alternative definition may include a price that is based on the opening, actual, high, low, or average selling prices of Stock on the applicable securities exchange on the given date, the trading date preceding the given date, the trading date next succeeding the given date, or an average of trading days.
- (ii) if the Stock is not listed on an established securities exchange, national market system or automated quotation system, but the Stock is regularly quoted by a recognized securities dealer, its Market Value shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a Stock on such date, the high bid and low asked prices for Stock on the last preceding date for which such information exists, as reported in *The Wall Street Journal* or such other source as the Board deems reliable.
- (iii) If the Stock is neither listed on an established securities exchange, national market system or automated quotation system nor regularly quoted by a recognized securities dealer, its Market Value shall be established by the Board in its discretion.

“**Non-Employee Director**” means a member of the board of directors of the Company who is not an employee;

“**Option**” means a right in the form of an option to acquire Stock granted under, and exercisable in accordance with, the Plan;

“**Other Conditions**” means any conditions imposed under rule 2.4.7;

“**Participant**” means a person holding or who has held an Award or, after death, that person’s personal representatives;

“**Performance Conditions**” means any criteria (and adjustments) that the Board selects for an Award. The Performance Conditions may include, but are not limited to, the following: (i) net earnings or losses (either before or after one or more of the following: (A) interest, (B) taxes, (C) depreciation, (D) amortization and (E) non-cash equity-based compensation expense); (ii) gross or net sales or revenue or sales or revenue growth; (iii) net income (either before or after taxes); (iv) adjusted net income; (v) operating earnings or profit (either before or after taxes); (vi) cash flow (including, but not limited to, operating cash flow and free cash flow); (vii) return on assets; (viii) return on capital (or invested capital) and cost of capital; (ix) return on stockholders equity; (x) total stockholders return; (xi) return on sales; (xii) gross or net profit or operating margin; (xiii) costs, reductions in costs and cost control measures; (xiv) expenses; (xv) working capital; (xvi) earnings or loss per stock; (xvii) adjusted earnings or loss per stock; (xviii) price per stock or dividends per stock (or appreciation in and/or maintenance of such price or dividends); (xix) regulatory achievements or compliance (including, without limitation, regulatory body approval for commercialization of a product); (xx) implementation or completion of critical projects; (xxi)

market stock; (xxii) economic value; and (xxiii) individual employee performance, any of which may be measured either in absolute terms or as compared to any incremental increase or decrease or as compared to results of a peer group or other employees or to market performance indicators or indices.

“**Performance Period**” means the period in respect of which any Performance Conditions are to be satisfied;

“**Phantom Award**” means a conditional right granted under the Plan to receive a cash sum linked to the value of a number of notional Stock;

“**Plan**” means the plan constituted by these rules and its schedules known as the Vertical Aerospace Ltd. 2021 Incentive Award Plan, as amended from time to time;

“**Stock**” means a fully paid ordinary share in the capital of the Company;

“**Substitute Award**” means an Award granted under the Plan in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock, in any case, upon the assumption of, or in substitution for, outstanding equity awards previously granted by a company or other entity; provided, however, that in no event shall the term “Substitute Award” be construed to refer to an award made in connection with the cancellation and repricing of an Option.

“**Tax**” means any tax and social security charges (and/or any similar charges), wherever arising, in respect of a Participant’s Award or otherwise arising in connection with that Participant’s participation in the Plan;

“**Vesting**” means:

(i) in relation to a Conditional Award, a Participant becoming entitled to the Stock;

(ii) in relation to an Option, the Option becoming exercisable; and

(iii) in relation to a Phantom Award, a Participant becoming entitled to the cash sum,

and “**Vest**”, “**Vested**” and “**Unvested**” will be understood accordingly; and

“**Vesting Date**” means the date on which an Award Vests.

## 1.2 Interpretation

In this Plan, the singular includes the plural and the plural includes the singular. References to any enactment or statutory requirement will be understood as references to that enactment or requirement as amended or re-enacted and they include any subordinate legislation made under it.

## 1.3 Award tranches

Where an Award is made up of different tranches with different Vesting Dates, each tranche will be considered a separate Award for the purposes of interpreting and administering this Plan, except for the purposes of rule 4.6 (Option tranches).

## 2. Granting Awards

### 2.1 Eligibility

The Board may grant an Award to someone who is an Eligible Individual at the Award Date.

### 2.2 Timing of grant

The Board may decide when to grant an Award, subject to any Dealing Restrictions. No Awards may be granted after the termination of the Plan.

### **2.3 Making an Award**

Awards will be granted in any way which ensures the Awards are contractually enforceable. Participants will be notified of the terms of their Awards as soon as practicable.

The Board may require Participants to accept Awards or specific terms and may provide for Awards to lapse if they are not accepted within the time specified.

The Board may allow Participants to disclaim all or part of an Award within a specified period. If an Award is disclaimed, it will be deemed never to have been granted.

### **2.4 Terms of Awards**

Awards are subject to the rules of the Plan.

The Board will approve the terms of an Award, including:

- 2.4.1 the Award Date;
- 2.4.2 the Award type;
- 2.4.3 the number of shares of Stock subject to the Award or the basis for calculating the number of shares of Stock;
- 2.4.4 the Vesting Date;
- 2.4.5 in the case of an Option, the Exercise Period and any amount payable to exercise the Option;
- 2.4.6 if the Award is subject to any Performance Conditions, details of those Performance Conditions and the applicable Performance Period;
- 2.4.7 details of any Other Conditions;
- 2.4.8 whether Dividend Equivalents will apply;
- 2.4.9 details of any Holding Period; and
- 2.4.10 whether the Participant may be required to enter into any election for a particular tax and/or social security treatment in respect of an Award and/or any Stock and any consequences of failing to make the election.

### **2.5 Performance Conditions**

The Board may make Vesting conditional on the satisfaction of one or more performance conditions.

The Board may change or waive a Performance Condition in accordance with its terms or if anything happens that causes the Board to reasonably consider it appropriate to do so.

The Board will notify any relevant Participant as soon as practicable after any change or waiver.

### **2.6 Limitations Applicable to Section 16 Persons**

Any Award granted to any individual who is subject to Section 16 of the Exchange Act shall be subject to any additional requirements or limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including Rule 16b-3 of the Exchange Act and any amendments thereto) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, the Plan and Awards shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

## **2.7 Other Conditions**

The Board may impose other conditions on Vesting and/or exercise. The Board may change or waive those other conditions in accordance with their terms or if anything happens which causes the Board to reasonably consider it appropriate to do so.

The Board will notify any relevant Participant as soon as practicable after any change or waiver.

## **2.8 Malus and Clawback**

Awards (including any proceeds, gains or other economic benefit actually or constructively received by a Participant upon any receipt or exercise of an Award or upon the receipt or resale of any Stock underlying the Award) will be subject to the Malus and Clawback Policy, whether or not such policy was in place at the time of grant of an Award.

If there is any discrepancy between the Malus and Clawback Policy and the Plan, the Malus and Clawback Policy will prevail.

## **2.9 Administrative errors**

If the Board grants an Award:

2.9.1 in error, it will be deemed never to have been granted and/or will immediately lapse; and/or

2.9.2 which is inconsistent with any provisions in this Plan, it will take effect only to the extent permissible under the Plan and will otherwise be deemed never to have been granted and/or will immediately lapse.

## **2.10 Phantom Awards**

A Phantom Award will not confer any right to receive Stock or any interest in Stock. The Plan will be interpreted and applied to reflect the fact that Phantom Awards are granted in respect of notional Stock only and are settled in cash rather than Stock.

## **3. Stock limits**

### **3.1 Number of Stock**

Subject to rule 3.2, Awards may be made under the Plan covering an aggregate number of Stock equal to the sum of: (i) 3,197,600<sup>1</sup>, and (ii) an annual increase on the first day of each calendar year beginning on January 1, 2025 and ending on and including January 1, 2031, equal to the lesser of

(A) 5.0% of the Stock outstanding (on an as-converted basis) on the last day of the immediately preceding fiscal year and (B) such smaller number of Stock as determined by the Board. Any Stock distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Stock, treasury Stock or Stock purchased on the open market.

### **3.2 Calculating the number of Stock**

If any Stock subject to an Award is forfeited or expires, is converted to stock of another person in connection with a recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, exchange of stock or other similar event, or such Award is settled for cash (in whole or in part) (including Stock repurchased by the Company at the same price paid by the Participant), the Stock subject to such Award shall, to the extent of such forfeiture, expiration, termination without distribution of Stock or cash settlement, again be available for future grants of Awards under the Plan. In addition, the following Stock shall be added to the Stock authorized for grant under rule 3.1 and

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<sup>1</sup> Reflects the aggregate number of Stock available for Awards under the Plan, as of the annual general meeting of shareholders (AGM) on 16 September 2024, as adjusted by the Reverse Share Split.



shall again be available for future grants of Awards: (i) Stock tendered by a Participant or withheld by the Company in payment of the exercise price of an Option; (ii) Stock tendered by the Participant or withheld by the Company to satisfy any tax withholding obligation with respect to an Award; and (iii) Stock purchased on the open market by the Company with the cash proceeds received from the exercise of Options. Any Stock repurchased by the Company at the same price paid by the Participant so that such Stock is returned to the Company shall again be available for Awards. The payment of Dividend Equivalents in cash in conjunction with any outstanding Awards shall not be counted against the Stock available for issuance under the Plan. For the avoidance of doubt, Stock underlying Awards that are subject to the achievement of Performance Conditions shall be counted against the Stock reserve based on the target value of such Awards unless and until such time as such Awards become Vested and settled in Stock.

### **3.3 Substituting Awards**

Substitute Awards may be granted on such terms as the Board deems appropriate, notwithstanding limitations on Awards in the Plan. Substitute Awards shall not reduce the Stock authorized for grant under the Plan and Stock subject to such Substitute Awards shall not be added to the Stock available for Awards under the Plan. Additionally, in the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has stock available under a pre-existing plan approved by its stockholders and not adopted in contemplation of such acquisition or combination, the stock available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the Participants of Stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Stock authorized for grant under the Plan (and Stock subject to such Awards shall not be added to the Stock available for Awards under the Plan as provided in this rule 3.3); provided that Awards using such available Stock shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not employed by or providing services to the Company or another Member of the Group immediately prior to such acquisition or combination.

### **3.4 Director Limit**

Notwithstanding any provision to the contrary in the Plan, the sum of the grant date fair value of Awards and the amount of any other fees granted to a Non-Employee Director during any calendar year shall not exceed USD 500,000. The Board may make exceptions to this limit for individual Non-Employee Directors in extraordinary circumstances, as the Board may determine in its discretion, provided that the Non-Employee Director receiving such additional compensation may not participate in the decision to award such compensation or in other contemporaneous compensation decisions involving Non-Employee Directors.

## **4. Vesting and exercise of Awards**

### **4.1 Timing of Vesting**

An Award will Vest on the latest of:

- 4.1.1 the Vesting Date;
- 4.1.2 the date it is decided that any Performance Conditions are satisfied; and
- 4.1.3 the date it is decided that any Other Conditions are satisfied, unless otherwise determined by the Board.

#### **4.2 Extent of Vesting**

An Award will Vest to the extent that the Board decides that any Performance Conditions and/or Other Conditions are satisfied, or in accordance with any other factors that the Board decides are relevant.

#### **4.3 Fractions**

Where an Award would otherwise Vest over a fraction of Stock, the Stock that will Vest will be rounded down to the nearest whole Stock, unless otherwise determined by the Board.

#### **4.4 Overriding discretion**

The Board may reduce (including to zero) the extent to which an Award will Vest if it considers the extent of Vesting would otherwise not be appropriate, including when considering:

- 4.4.1 the wider performance of the Group;
- 4.4.2 the conduct, capability or performance of the Participant;
- 4.4.3 the experience of stakeholders;
- 4.4.4 any windfall gains;
- 4.4.5 the total value that would otherwise be received by the Participant compared to the maximum value that the Award was intended to deliver; or
- 4.4.6 any other reason at the discretion of the Board.

#### **4.5 Process for exercise of Options**

A Participant may exercise an Option by giving notice at any time during the Exercise Period in the manner decided by the Board.

The exercise of an Option is effective on the date of receipt of the notice (and the exercise price, if required).

If notice to exercise is given but any Other Conditions are not met at the time of receipt of notice, such exercise will be processed as soon as practicable following determination by the Board that such Other Conditions have been met.

An Option may be exercised in full or in part.

#### **4.6 Option tranches**

The Board may decide that if

- 4.6.1 an Option is made up of different tranches; and
- 4.6.2 the Option is exercised,

all tranches of that Option that are then capable of exercise will be exercised on that occasion.

#### **4.7 Option repricing**

Subject to rule 12 (Corporate events), the Board shall not, without the approval of the stockholders of the Company, (i) authorize the amendment of any outstanding Option to reduce its exercise price per Stock, or (ii) cancel any Option in exchange for cash or another Award when the Option exercise price per Stock exceeds the Market Value of the underlying Stock.

## **5. Lapsing**

An Award will lapse to the extent any part of it is no longer capable of Vesting (or of being exercised).

To the extent an Award lapses, it cannot Vest or be exercised under any other provision of the Plan. This means that, to the extent the Award lapses, the Participant has no right to receive the Stock or cash comprised in the Award.

## **6. Settlement of Awards**

### **6.1 Delivery of Stock or cash**

If an Award Vests, the Board will arrange for the delivery of Stock or cash to the Participant as soon as practicable after Vesting or, in the case of an Option, exercise.

### **6.2 Phantom Award payment**

In the case of a Phantom Award, the cash sum will be equal to the aggregate Market Value of the notional Stock which have Vested.

### **6.3 Dividend Equivalents**

Where an Award includes Dividend Equivalents, the Participant will receive:

6.3.1 for Conditional Awards and Phantom Awards, an amount equal to the dividends, the record date for which falls between the Award Date and Vesting, multiplied by the number of shares of Stock in respect of which the Award Vests; or

6.3.2 for Options, an amount equal to the dividends, the record date for which falls between the Award Date and exercise, multiplied by the number of shares of Stock in respect of which the Award is exercised.

Dividend Equivalents will be calculated on such basis as the Board decides. Special dividends will not be included, unless the Boards decides otherwise.

Any Dividend Equivalents may be paid in cash or in such whole number of shares of Stock (rounded down) that have an aggregate Market Value at Vesting or exercise, as applicable, which is closest to that amount.

Dividend Equivalents will be paid as soon as reasonably practicable following Vest or exercise, as applicable, of the related Award and on the same terms as the related Award.

### **6.4 Nominee**

Stock may be delivered to and held by a nominee on behalf of the Participant.

### **6.5 Cash alternative**

The Board may choose to settle any Award partly or fully in cash. The Participant will have no right to acquire the Stock in respect of which an Award has been settled in cash.

### **6.6 Stock transfer tax**

The Board will arrange payment of any stock transfer taxes on settlement.

## **7. Investigations**

### **7.1 Relevant investigation**

This rule applies where an investigation is ongoing that might lead to Malus and/or Clawback being triggered in relation to a Participant's Award.

### **7.2 Impact of investigation**

If an investigation is ongoing then, unless the Board decides otherwise:

7.2.1 the Participant's Award will not Vest;

7.2.2 if it is an Option, exercise will be suspended; and

7.2.3 where relevant, the Participant's Award will not be settled,

until the investigation is concluded and then any Award will only Vest, be exercisable or be settled as determined by the Board. If the Exercise Period of an Option would otherwise have ended, the Board can decide to extend the period and "Exercise Period" will be understood accordingly.

## **8. Dealing Restrictions**

### **8.1 Application of rule**

This rule 8 (Dealing Restrictions) applies if Dealing Restrictions would prohibit the exercise of an Option, delivering or arranging delivery of Stock or cash to settle an Award, and/or the Participant from selling Stock, including if required to discharge Tax.

### **8.2 Impact of Dealing Restrictions**

If Dealing Restrictions apply, then:

8.2.1 an Unvested Award will not Vest until the Dealing Restrictions cease to apply;

8.2.2 any exercise will take effect as soon as practicable after the Dealing Restrictions cease to apply;

8.2.3 if an Exercise Period would otherwise end before the Dealing Restrictions cease to apply, it will be extended to end 30 days after the Dealing Restrictions cease to apply and "Exercise Period" will be understood accordingly; and

8.2.4 the delivery of Stock or cash to settle an Award will not occur until the Dealing Restrictions cease to apply,

unless the Board decides otherwise.

## **9. Holding Period**

### **9.1 Application of rule**

An Award granted to an Eligible Individual may be subject to a Holding Period following the date of Vesting or exercise, as applicable.

### **9.2 Impact of Holding Period**

If a Holding Period applies, the Stock may not be transferred, assigned or otherwise disposed of during the Holding Period other than a transfer:

9.2.1 to the Participant's personal representatives on death;

- 9.2.2 to a nominee in accordance with rule 9.3 (Nominee);
  - 9.2.3 in accordance with rule 15.1 (Withholding);
  - 9.2.4 under the Malus and Clawback Policy;
  - 9.2.5 in connection with an event described in rule 12 (Corporate events) or rule 14.1 (Adjustments to Awards); or
  - 9.2.6 otherwise with the agreement of the Board,
- and any such attempted action will be invalid and ineffective.

### **9.3 Nominee**

The Board may decide that Stock will be delivered to and held by a nominee on behalf of the Participant until the expiry of the Holding Period on such terms as the Board may decide.

At the end of the Holding Period, the Participant may take the Stock out of the nominee arrangement.

### **9.4 Phantom and cash-settled Awards**

The Board will decide if and how any Holding Period will operate in relation to cash and will communicate this to the Participant.

### **9.5 Proof of ownership**

If the Board requires, a Participant must provide proof of continued beneficial ownership of the Stock during and at the end of the Holding Period.

## **10. Leaving**

### **10.1 Leaving – before Vesting**

Where a Participant Leaves before Vesting, the Award will lapse on the date the Participant Leaves, unless other provisions of this rule 10 (Leaving) apply or the Board determine otherwise.

### **10.2 Leaving – after Vesting**

If a Participant Leaves after Vesting, the Award will:

- 10.2.1 continue in accordance with the Plan; and
- 10.2.2 in the case of an Option, be exercisable for a period of 6 months (12 months in the case of the Participant's death) from the date the Participant Leaves (or such longer period as the Board decides) and will then lapse, unless otherwise determined by the Board.

### **10.3 Summary dismissal**

If, at any time, a Participant is summarily dismissed or Leaves in circumstances where the Participant's employer would have been entitled to summarily dismiss the Participant (in the opinion of the Board) then that Participant's Awards will immediately lapse.

### **10.4 Leaving – Exercise Period**

No period for exercise set out in this rule 10 (Leaving) will extend any Exercise Period that would otherwise apply to an Award if the Participant was not Leaving.

### **10.5 Leaving – Ongoing restrictions**

Where a Participant Leaves:

- 10.5.1 any Holding Period will continue to apply unless the Board determines otherwise, except on death, where any Holding Period will cease to apply; and
- 10.5.2 the Malus and Clawback Policy will continue to apply to the Award unless and to the extent it is waived or varied by the Board.

## **11. Mobile Participants**

### **11.1 Application of rule**

If a Participant moves from one jurisdiction to another or becomes tax resident in a different jurisdiction and, as a result, there may be adverse legal, regulatory, tax or administrative consequences for the Participant and/or a Member of the Group in connection with an Award then the Board may adjust that Participant's Award so that the Award is on such terms, subject to such conditions and over such stock (or other type of securities or cash) as the Board may consider appropriate.

### **11.2 Cancellation**

If the Board decides that the adjustment of an Award under rule 11.1 (Application of rule) is not practicable or appropriate, the Board may decide that the Award will lapse.

### **11.3 Notifying Participants**

The Board will notify affected Participants of any adjustment or decision made under this rule 11 (Mobile Participants) as soon as practicable.

## **12. Corporate events**

### **12.1 Change of Control**

Where a person (or a group of persons acting together) obtains Control of the Company as a result of making an offer to acquire Stock (including pursuant to a merger or consolidation as a result of which Stock of the Company is converted into or exchanged for the right to receive cash, stock, securities or other property or are cancelled), any Awards which would Vest, if applicable, in the 12 months following such change of Control will Vest on such date as the Board determines and in accordance with rule 12.4 (Vesting) unless otherwise determined by the Board.

### **12.2 Schemes of arrangement**

Where a court sanctions a compromise or arrangement in connection with the acquisition of Stock, Awards will Vest on such date as the Board determines and in accordance with rule 12.4 (Vesting), unless otherwise determined by the Board.

### **12.3 Winding up / liquidation**

If a voluntary liquidation of the Company commences, or an order is made for the winding up of the Company, Awards will Vest on such date as the Board determines and in accordance with rule 12.4 (Vesting), unless otherwise determined by the Board.

### **12.4 Vesting and exercise**

If this rule 12.4 (Vesting and exercise) applies:

#### **12.4.1 an Award will Vest:**

- (i) to the extent that the Board determines any applicable Conditions have been satisfied, unless the Board determines otherwise; and

- (ii) the Board will have discretion to take into account any other factors it believes to be relevant in determining the extent to which an Award will Vest in the circumstances,

and to the extent the Participant's Award does not Vest, it will then lapse.

12.4.2 Where an Option Vests pursuant to this rule 12.4 (Vesting and exercise) or was already Vested, it will be exercisable for a period of 6 months, or such other period as the Board decides, from the date of the relevant event and then will lapse. This will not extend any Exercise Period that would otherwise apply to an Award.

### **12.5 Malus and Clawback**

If this rule 12 (Corporate events) applies to an Award, the Board may determine that the Malus and Clawback Policy will no longer apply to the Award or will be varied in its application to the Award.

In relation to any cash or Stock acquired prior to the relevant event, the Malus and Clawback Policy will continue to apply, with such amendments as the Board determines.

### **12.6 Holding Period**

Any applicable Holding Period will continue to apply until its expiry in accordance with the Plan and the terms of the Award, with any amendments as the Board determines, unless the Board determines otherwise.

### **12.7 Other events**

The Board has discretion to take such action as it may think appropriate if other events happen which may have an effect on Awards.

## **13. Exchange of Awards**

Where any of rules 12.1 (Change of Control) or 12.2 (Schemes of arrangement) is expected to or does apply, or in connection with an Internal Reorganisation, the Board may decide that Awards will be exchanged for new awards, subject to the consent of the Acquiring Company, on (or as soon as practicable after) the relevant event.

### **13.1 Meaning of "Acquirer"**

For the purposes of this rule 13 (Exchange of Awards), "**Acquirer**" means a person that obtains Control of the Company.

### **13.2 Application of rule**

Where any of rules 12.1 (Change of Control) or 12.2 (Schemes of arrangement) is expected to or does apply, if the relevant event constitutes a corporate reorganisation of the Company where substantially all the stockholders of the Company immediately before the reorganisation will continue to have Control immediately afterwards, Awards will not Vest under rule 12 (Corporate events) but will instead be exchanged for new awards, unless the Board decides otherwise.

### **13.3 Timing of exchange**

Any such exchange will take place on (or as soon as practicable after) the relevant event under rule 12 (Corporate events).

### **13.4 Exchange terms**

Any new award will be granted on such terms and over such stock (or other types of securities) as the Board decides.

### **13.5 Interpretation following exchange**

Unless the Board decides otherwise, any new award that is subject to the Plan will be interpreted as if references to Stock are references to the stock (or other securities) over which the new award is granted and references to the Company are to such company as the Board decides.

## **14. Variations in stock capital**

### **14.1 Adjustments to Awards**

If there is:

14.1.1 a variation in the issued stock capital of the Company, including a stock capitalisation or rights issue, open offer, subdivision, consolidation or reduction of stock capital;

14.1.2 stock dividend or distribution, other than an ordinary cash dividend; or

14.1.3 any other transaction which the Board decides will materially affect the value of the Stock,

the Board may adjust the number or class of Stock or Condition subject to an Award in such manner as the Board may consider appropriate.

### **14.2 Notice of Adjustments**

The Board will notify Participants of any adjustment made under rule 14.1 (Adjustments to Awards) as soon as practicable.

### **14.3 Early Vesting**

If the Board determines that an adjustment of an Award is not practicable or appropriate, then the Board may determine that the Award will Vest:

14.3.1 immediately prior to, and conditional on, the relevant event;

14.3.2 to the extent that the Board determines any applicable Performance Conditions or Other Conditions have been satisfied, unless the Board decides otherwise;

14.3.3 pro-rata to reflect the period from the Award Date until the date of Vesting, as a proportion of the period from the Award Date to date of Vest, unless the Board determines otherwise;

14.3.4 with the continued application of the Malus and Clawback Policy, unless and to the extent the Board decides otherwise;

14.3.5 with the continued application of any Holding Period, unless and to the extent the Board decides otherwise,

and to the extent an Award does not Vest, it will then lapse.

## **15. Tax**

### **15.1 Withholding**

Any Member of the Group, any employing company, the trustee of any relevant employee benefit trust or any third-party provider nominated by the Board may:

15.1.1 withhold such amounts from a Participant (including deducting such amounts from any cash payment owed to the Participant) and retain some or all of it;

15.1.2 sell some or all of the Stock to which the Participant is entitled under the Plan on behalf of the Participant;



- 15.1.3 allow the Participant to deliver a written or electronic notice that the Participant has directly or indirectly placed a market sell order with a broker acceptable to the Company with respect to Stock then issuable upon exercise or vesting of an Award, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company or its designee in satisfaction of the aggregate payments required; provided that payment of such proceeds is then made to the Company or its designee upon settlement of such sale;
- 15.1.4 reduce some of the Stock to which the Participant is entitled under the Plan on behalf of the Participant; or
- 15.1.5 make such other withholding arrangements as it considers necessary or desirable,  
to meet any liability for Taxation, to collect any outstanding exercise price and to meet any applicable dealing and/or currency exchange costs and other associated costs.

## **15.2 Participant indemnity**

A Participant will, if requested, indemnify the Group for the Participant's liability for Tax.

## **16. Terms of employment**

### **16.1 Application**

This rule 16 (Terms of employment) applies during an Eligible Individual's employment, if applicable, and after the termination of an Eligible Individual's employment, if applicable, whether or not the termination is lawful.

### **16.2 Not part of employment contract**

Nothing in the rules of the Plan or the operation of the Plan forms part of an Eligible Individual's contract of employment or alters it, if applicable. The rights and obligations arising from any employment or former employment relationship between the Eligible Individual and the relevant Member of the Group are separate from, and are not affected by, the Plan. Participation in the Plan does not create any right to, or expectation of, employment (continued or otherwise).

### **16.3 No future expectation**

No Eligible Individual has a right to participate in the Plan. Participation in the Plan or the grant of an Award on a particular basis in any year does not create any right to or expectation of participation in the Plan or the grant of an Award on the same, or any other, basis (or at all) in the future.

### **16.4 Decisions and discretion**

The terms of the Plan do not entitle the Eligible Individual to the exercise of any discretion in the Eligible Individual's favour. The Eligible Individual will have no claim or right of action in respect of any decision, omission or discretion which may operate to the disadvantage of the Eligible Individual.

### **16.5 No compensation**

No Eligible Individual has any right to compensation or damages for any loss (actual or potential) in relation to the Plan, including any loss in relation to:

- 16.5.1 any loss or reduction of rights or expectations under the Plan in any circumstances (including lawful or unlawful termination of employment);
- 16.5.2 any exercise of a discretion or a decision taken in relation to an Award or to the Plan, or any failure or delay to exercise a discretion or take a decision; and

16.5.3 the operation, suspension, termination or amendment of the Plan.

## **16.6 Waiver**

By participating in the Plan, an Eligible Individual agrees to waive all rights which might otherwise arise under the Plan, other than the right to acquire Stock or cash (as appropriate) subject to and in accordance with the explicit rules of the Plan, in consideration for and as a condition of the grant of an Award.

## **17. General**

### **17.1 Data protection**

Participation in the Plan will be subject to:

17.1.1 any data protection policies applicable to any relevant Member of the Group; and

17.1.2 any applicable privacy notices.

### **17.2 Consents and filings**

All allotments, issues and transfers of Stock or cash payments will be subject to the Company's articles of association and any necessary consents or filings required in any relevant jurisdiction. The Participant will be responsible for complying with any requirements needed in order to obtain, or to avoid the necessity for, any such consents or filings.

### **17.3 Source of Stock**

Awards may be settled using newly issued Stock, Stock transferred from treasury and Stock purchased in the market.

### **17.4 Notices**

Any notice or other communication required under this Plan will be given in writing, which may include electronic means.

Any notice or other communication to be given to an Eligible Individual or Participant may be delivered by electronic means (including by email, through the Group's intranet or a stock plan portal), personally delivered or sent by ordinary post to such address as the Board reasonably considers appropriate.

Any notice or other communication to be given to the Company or its agents may be delivered or sent to its registered office or such other place and by such means as the Board or the Company's agents may specify and notify to Eligible Individuals and/or Participants, as relevant.

All notices or communications to be given to Eligible Individuals or Participants are given and sent at the risk of the addressee. No Member of the Group has any liability in respect of any notice or communication given or sent, nor need they be concerned to see that the addressee actually receives it.

### **17.5 Bankruptcy**

A Participant's Award will lapse if the Participant becomes bankrupt or enters into a compromise (or any overseas equivalent) with the Participant's creditors generally.

### **17.6 Not pensionable**

None of the benefits that may be received under the Plan are pensionable.

**17.7 Not transferable**

A Participant's Award will lapse if the Participant transfers, assigns, charges or otherwise disposes of the Award or any of the rights in respect of it, whether voluntarily or involuntarily (other than to that Participant's personal representatives on death).

**17.8 Currency conversions**

Any conversion of money into different currencies (whether notional or actual) will be done at a time and rate of exchange that the Board decides.

No Member of the Group will be liable for any loss due to movements in currency exchange rates or conversion or money transfer charges.

**17.9 Limitation on payments by directors and executive officers**

No Participant who is a member of the board of directors of the Company or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to make payment with respect to any Awards granted under the Plan, or continue any extension of credit with respect to such payment, with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act.

**18. Administration**

**18.1 Administration of the Plan**

The Plan will be administered by the Board, which has authority to make such rules and regulations for the administration of the Plan as it considers necessary or desirable. The Board may delegate any and all of its rights and powers under the Plan.

**18.2 Board decisions**

All decisions of the Board in connection with the Plan and its interpretation and the terms of any Awards (including in any dispute) will be final and conclusive.

The Board will decide whether and how to exercise any discretion in the Plan.

**18.3 Severance of rules**

If any provision of the Plan is held to be invalid, illegal or unenforceable for any reason by any court with jurisdiction then, for the purposes of that jurisdiction only:

18.3.1 such provision will be deleted; and

18.3.2 the remaining provisions will continue in full force and effect, unless the Board decides otherwise.

**18.4 Language**

Where there is any conflict between the terms of the English version of the Plan, the Awards and/or any ancillary documents and a version in any other language, the English language version will prevail.

## **19. Changing the Plan and termination**

### **19.1 General power**

Except as otherwise provided by rule 19.2, the Board may change the Plan in any way and at any time.

### **19.2 Stockholder consent**

Notwithstanding rule 19.1, the Board may not, except as otherwise provided by rule 14.1 (Adjustments to Awards), take any of the following actions without the approval of the Company's stockholders:

- 19.2.1 Increase the limit imposed in rule 3.1 (Number of Stock) on the maximum amount of Stock which may be issued under the Plan;
- 19.2.2 reduce the price per share of any outstanding Option Right granted under the Plan cancel any Option in exchange for cash or another Award in violation of rule 4.7 (option repricing); and
- 19.2.3 make any change which requires stockholder approval under applicable laws, including the rules of the New York Stock Exchange or any other exchange on which the Stock is traded.

### **19.3 Participant consent**

If a proposed change would be to the material disadvantage of one or more Participants in respect of existing rights under the Plan, then the Board will obtain the written consent of the affected Participant(s) or:

- 19.3.1 the Board will invite each disadvantaged Participant to indicate whether or not they approve the change; and
- 19.3.2 the majority of the Participants (by number of Participants or number of shares of Stock) who were invited and who make an indication approve the change.

The Board need not obtain Participant consent for any minor changes which are to:

- 19.3.3 benefit the administration of the Plan;
- 19.3.4 comply with or take account of a change in legislation; and/or
- 19.3.5 obtain or maintain favourable tax, exchange control or regulatory treatment of any Member of the Group or any present or future Participant.

### **19.4 Notice of change**

The Board will give written notice of changes to Participants whose Awards are materially affected.

### **19.5 International variations**

The Board may establish plans or schedules based on the Plan, but modified to take account of any local tax, exchange control or securities laws in other jurisdictions.

### **19.6 Termination of the Plan**

The Plan will terminate on 14 December 2031 (or on such earlier date as the Board decides). Termination will not affect existing rights under the Plan.

**20. Governing law and jurisdiction**

The laws of the State of Delaware govern the Plan and all Awards. The courts of the State of Delaware have exclusive jurisdiction in respect of any disputes arising in connection with the Plan or any Award.

**Schedule 1**  
**Awards granted to US Taxpayers**

**1. Introduction**

The purpose of this Schedule is to make certain variations to the terms of the Plan in the case of its operation for Participants who are US Taxpayers. In the event that a Participant becomes a US Taxpayer after the Award Date, then the Participant's Awards will immediately be modified in a manner consistent with the provisions of this Schedule. References in this Schedule to Awards granted to US Taxpayers shall include Awards held by a Participant who becomes a US Taxpayer subsequent to the Award Date.

**2. Meaning of words used**

In this Schedule:

**"Award Short-Term Deferral Period"** means the period commencing on the date that an Award (other than an Option) first is no longer subject to a "substantial risk of forfeiture" for the purposes of Section 409A and ending upon the 15th day of the third month following the end of the Taxable Year in which such Award first is no longer subject to the substantial risk of forfeiture;

**"Exempt Option"** means either (a) an Incentive Stock Option granted pursuant to Schedule 2 to the Plan, or (b) an Option granted pursuant to the Plan that is exempt from the requirements of Section 409A under the stock rights exception described in Section 1.409A-1(b)(5) of the Treasury Regulations and which does not include a right to Dividend Equivalents.

**"Option Short-Term Deferral Period"** means the period commencing on the date that an Option first is no longer subject to a "substantial risk of forfeiture" for the purposes of Section 409A and ending on 31 December of the calendar year in which such Option first is no longer subject to the substantial risk of forfeiture;

**"Section 409A"** means Section 409A of the US Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated and other official guidance issued under it, collectively, and **"Treasury Regulations"** will be understood accordingly;

**"Short-Term Deferral Period"** means the Award Short-Term Deferral Period or the Option Short-Term Deferral Period, as applicable;

**"Taxable Year"** means the calendar year or, if later, the end of the taxable year of the Member of the Group that employs the US Taxpayer; and

**"US Taxpayer"** means a Participant who is subject to US federal income taxation on the Award Date, or who is expected to become subject to US federal income taxation following the Award Date, or who becomes subject to US federal income taxation following the Award Date but prior to the date upon which the Award Vests.

**3. Exercise of Options**

**3.1 Timing for Exercise**

Notwithstanding any of the rules of the Plan, and except as otherwise permitted by paragraph 3.2 (Permissible delay) of this Schedule, an Option (other than an Exempt Option) granted to a US Taxpayer must be exercised under rule 4.5 (Process for exercise of Options), no later than the end of the applicable Option Short-Term Deferral Period. To the extent required to achieve this, Options

(other than Exempt Options) will be deemed exercised and rule 4.5 (Process for exercise of Options) will be interpreted accordingly.

### **3.2 Permissible delay**

In the event that the exercise of an Option (other than an Exempt Option) granted to a US Taxpayer has not been exercised by the end of the Option Short-Term Deferral Period because such exercise would have violated applicable law, then to the extent permissible under Section 1.409A-1(b)(4)(ii) of the proposed Treasury Regulations, such exercise may be delayed so long as the Option is then exercised at the earliest date at which it is reasonably anticipated that such law no longer prevents such exercise.

## **4. Settlement of Awards**

### **4.1 Timing for payment**

Notwithstanding any of the rules of the Plan and except as otherwise permitted by paragraph 4.2 (Permissible delay) of this Schedule, an Award (other than an Option) granted to a US Taxpayer must be settled under rule 6 (Settlement of Awards) no later than the end of the Award Short-Term Deferral Period

### **4.2 Permissible delay**

In the event that an Award (other than an Option) granted to a US Taxpayer has not been settled by the end of the Award Short-Term Deferral Period because settlement would have violated applicable law, then to the extent permissible under Section 1.409A-1(b)(4)(ii) of the proposed Treasury Regulations, such settlement may be delayed so long as the Award is then settled at the earliest date at which it is reasonably anticipated that such law no longer prevents such settlement.

### **4.3 Leavers**

If a US Taxpayer Leaves and, in accordance with paragraph 4.1 (Timing for payment) above and an Award (other than an Option) is satisfied before the Vesting Date, then the Stock or cash (as the case may be) acquired by the US Taxpayer may not be transferred, assigned or otherwise disposed of by or on behalf of the US Taxpayer before the Vesting Date other than:

- 4.3.1 to the US Taxpayer's personal representatives in the event of the US Taxpayer's subsequent death;
- 4.3.2 to a nominee on behalf of the US Taxpayer;
- 4.3.3 in accordance with rule 15.1 (Withholding) to fund any liability for Tax (as well as any outstanding exercise price and any applicable dealing and/or currency exchange costs and other associated costs);
- 4.3.4 due to any Malus and/or Clawback being triggered; or
- 4.3.5 if the Board decides otherwise.

**5. Dividend Equivalents**

Any Dividend Equivalents in respect of an Award granted to a US Taxpayer shall be paid under rule

6.3 (Dividend Equivalents) no later than the end of the applicable Option Short-Term Deferral Period (for Dividend Equivalents on Options) or the Award Short-Term Deferral Period (for Dividend Equivalents on Awards other than Options), or such later date permitted by paragraph 3 (Exercise of Options) of this Schedule (for Dividend Equivalents on Options) or paragraph 4 (Settlement of Awards) of this Schedule (for Dividend Equivalents on Awards other than Options).

**6. No extension of Short-Term Deferral Period**

**6.1 Delay for investigations**

The application of rule 7 (Investigations) to an Award granted to a US Taxpayer will not impose an additional, or extend the existing, substantial risk of forfeiture applicable to the Award for the purposes of Section 409A, and will not extend the deadline for exercise under paragraph 3 (Exercise of Options), settlement under paragraph 4 (Settlement of Awards) or payment under paragraph 5 (Dividend Equivalents) of this Schedule (as applicable).

**6.2 Dealing Restrictions**

The application of Dealing Restrictions to an Award granted to a US Taxpayer will not impose an additional, or extend the existing, substantial risk of forfeiture applicable to the Award for the purposes of Section 409A, and will not extend the deadline for exercise under paragraph 3 (Exercise of Options), settlement under paragraph 4 (Settlement of Awards) or payment under paragraph 5 (Dividend Equivalents) of this Schedule (as applicable).

**6.3 Holding Period**

For the avoidance of doubt, any Holding Period imposed by the Company with respect to an Award granted to a US Taxpayer will not impose an additional or extend the existing substantial risk of forfeiture applicable to such Award for the purposes of Section 409A.

**7. Changes to Awards**

**7.1 Conditions**

Any Performance Conditions or Other Conditions applicable to an outstanding Award granted to a US Taxpayer may not be altered if and to the extent that the alteration would result in the Short-Term Deferral Period ending earlier, except where the condition is waived.

**7.2 Adjustments**

Where there is to be an adjustment of an Award granted to a US Taxpayer pursuant to rule 11 (Mobile Participants), the Board will attempt to structure the terms of the adjustment so that it does not violate Section 409A.

**7.3 Takeovers and restructurings**

Where there is to be an adjustment of an Award granted to a US Taxpayer pursuant to rule 12 (Corporate events), the Board shall attempt to structure the terms of the adjustment of the Award such that the adjustment does not violate Section 409A.

**7.4 Exchange of Awards**

Where there is to be an exchange of an Award granted to a US Taxpayer pursuant to rule 13 (Exchange of Awards), the Board shall attempt to structure the terms of the exchange and the new



award under rule 13 (Exchange of Awards) such that neither the exchange nor the new award violate Section 409A.

#### **7.5 Changing the Plan or Awards**

Notwithstanding rule 19 (Changing the Plan and termination), any amendment to the Plan (including any Schedule to the Plan) or an Award will only be effective with respect to an Award granted to a US Taxpayer to the extent that it does not cause the Award to violate Section 409A.

### **8. General**

#### **8.1 Intention**

Awards (other than Exempt Option) granted to US Taxpayers, and any Dividend Equivalents in respect of such Awards, are intended to be exempt from the requirements of Section 409A under the short-term deferral exception described in Section 1.409A-1(b)(4) of the Treasury Regulations, and the Plan (including this Schedule) will be interpreted and administered consistent with this intention with respect to Awards granted to US Taxpayers and any Dividend Equivalents in respect of such Awards.

#### **8.2 No guarantee**

Notwithstanding any other provision of the Plan (including any Schedule to the Plan) or any Award, no Member of the Group guarantees or warrants to any person that an Award granted to a US Taxpayer is exempt from Section 409A. Each US Taxpayer is solely responsible and liable for the satisfaction of all taxes, penalties and interest that may be imposed on the US Taxpayer in connection with the Plan (including any Schedule to the Plan) or any Award, including any taxes, penalty or interest under Section 409A. No Member of the Group shall have any obligation to indemnify or otherwise hold a US Taxpayer harmless from any or all of such taxes, penalty or interest.

#### **8.3 Conflict**

In the event of any conflict between a provision of the main rules of the Plan and a provision of this Schedule, with respect to an Award granted to a US Taxpayer, the provisions of this Schedule will take precedence.

**Schedule 2**  
**US Incentive Stock Options**

**1. Purpose**

The purpose of this Schedule is to allow for grants of Options to Eligible Individuals who are US Employee that qualify as Incentive Stock Options.

**2. Meaning of words used**

In this Schedule:

“**Award Date**” means the date of grant on which the Incentive Stock Option is granted, as determined under Section 1.421-1 of the Treasury Regulations.

“**Code**” means the US Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated and other official guidance issued under it, collectively, and “**Treasury Regulations**” will be understood accordingly;

“**Incentive Stock Option**” means an Option that is intended to qualify as an incentive stock option and conforms to the applicable provisions of Section 422 of the Code;

“**Greater Than 10% Stockholder**” means an individual then owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or any “subsidiary corporation” (as defined in Section 424(f) of the Code) with respect to the Company or “parent corporation” (as defined in Section 424(e) of the Code) with respect to the Company;

“**Nonqualified Stock Option**” means an Option that is not an Incentive Stock Option or which is designated as an Incentive Stock Option but does not meet the applicable requirements of Section 422 of the Code;

“**Termination of Employment**” for an Incentive Stock Option means, a leave of absence, change in status from an employee to an independent contractor or other change in the employee-employer relationship that interrupts employment for the purposes of Section 422(a)(2) of the Code; and

“**US Employee**” means an Eligible Individual who:

- (i) is subject to US federal income taxation on the Award Date or who is expected to become subject to US federal income taxation following the Award Date; and
- (ii) is an employee (as determined in accordance Section 3401(c) of the Code) of:
  - (a) the Company;
  - (b) a Member of the Group that is a “subsidiary corporation” (as defined in Section 424(f) of the Code) with respect to the Company; or
  - (c) a Member of the Group that is a “parent corporation” (as defined in Section 424(e) of the Code) with respect to the Company.

**3. Grant of Incentive Stock Options**

**3.1 Eligible individuals**

The Board may designate any Option granted to a US Employee as an Incentive Stock Option on the Award Date upon the terms set out in the Plan and subject to the additional terms and conditions set

forth in this Schedule. Each Option that is intended to be an Incentive Stock Option shall indicate that the Option is intended to be an Incentive Stock Option.

### **3.2 Award Date**

For an Option to qualify as an Incentive Stock Option, the Option must be granted within 10 years from the earlier of the adoption and stockholder approval of the Plan.

## **4. Exercise Price and Expiration Date**

### **4.1 Generally**

Except as otherwise provided by the paragraph 4.2 (Greater Than 10% Stockholders) of this Schedule, the exercise price for Stock subject to an Incentive Stock Option granted under this Schedule may not be less than the Market Value of Stock on the Award Date and the Exercise Period of the Incentive Stock Option may not exceed 10 years from the Award Date.

### **4.2 Greater Than 10% Stockholders**

For a US Employee who is a Greater Than 10% Stockholder, the exercise price for Stock subject to an Incentive Stock Option granted under this Schedule may not be less than 110% of the Market Value of Stock on the Award Date and the Exercise Period of the Incentive Stock Option may not exceed five years from the Award Date.

### **4.3 Market Value**

For the purposes of this Schedule, "Market Value" will be established by the Board in a manner consistent with Section 1.422-2 of the Treasury Regulations.

## **5. Individual limit**

The aggregate "fair market value" for the purposes of Section 422 of the Code, determined at the Award Date, of the number of shares of Stock with respect to which Incentive Stock Options first become exercisable by a US Employee in any calendar year under the Plan (and any incentive stock options under any other plan required to be taken into account under Section 422(d) of the Code) shall not exceed USD 100,000. To the extent that this USD 100,000 limit is exceeded, the Option will be treated as a Nonqualified Stock Option. The rule set forth in the immediately preceding sentence shall be applied by taking Options and other "incentive stock options" into account in the order in which they were granted.

## **6. Exercise of Incentive Stock Options**

### **6.1 Transfers**

During the lifetime of the US Employee, the Option may only be exercised by the US Employee.

### **6.2 Continuous employment**

To qualify for Incentive Stock Option tax treatment, a US Employee must exercise the Option while in continuous employment with the Company (or a "parent corporation" or "subsidiary corporation" within the meaning of Section 424(e) and (f) of the Code, respectively) since the Award Date or within three months following Termination of Employment (one year in the event of Termination of Employment due to a "permanent and total disability" (as defined by Section 22(e) of the Code) or until the end of the Exercise Period in the event of Termination of Employment due to death).

**7. Dividend Equivalents**

No Dividend Equivalents will be payable under rule 6.3 (Dividend Equivalents) on any Incentive Stock Option.

**8. Incentive Stock Option tax treatment**

**8.1 Disqualifying disposition**

Incentive Stock Option tax treatment under Section 421(a) of the Code will not apply to Stock acquired upon exercise of an Incentive Stock Option if such Stock are disposed of in a disqualifying disposition on or before the later of (i) two years from the Award Date of such Incentive Stock Option, and (ii) one year from the date of exercise of such Incentive Stock Option.

**8.2 Notice**

If a disqualifying disposition occurs, the US Employee shall give the Company prompt written or electronic notice of the disposition. Such notice shall specify the date of such disqualifying disposition and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the US Employee in such disqualifying disposition.

**9. Changes**

**9.1 Modification, Extension, Adjustment or Renewal**

Any modification, extension, adjustment or renewal of an Incentive Stock Option shall be subject to the terms of Section 424 of the Code.

**9.2 Substitute Awards**

Notwithstanding paragraph 4.1 (Generally) and paragraph 4.2 (Greater Than 10% Stockholders) of this Schedule, in the case of an Incentive Option that is a Substitute Award granted following a transaction described in Section 424(a) of the Code, the exercise price per stock of the Stock subject to such Incentive Stock Option may be less than 100% of the Market Value per stock on the Award Date (or 110% of the Market Value per stock on the Award Date in the case of a Greater Than 10% Stockholder); provided that the exercise price of the Substitute Award is determined in accordance with the terms of Section 1.424-1 of the Treasury Regulations.

**10. General**

**10.1 Maximum number of Stock granted as Incentive Stock Options**

The maximum number of shares of Stock with respect to Incentive Stock Options that may be issued under the Plan and this Schedule is 10,456,769. Substitute Awards granted as Incentive Stock Options will count against the foregoing limit.

**10.2 Intention**

Incentive Stock Options granted pursuant to the Plan and this Schedule are intended to qualify as “incentive stock options” for the purposes of Section 422 of the Code, and the Plan and this Schedule shall be interpreted and administered consistent with such intention.

Nonqualified Stock Options granted pursuant to the Plan are intended to be exempt from the requirements of Section 409A of the Code, and the Plan shall be interpreted and administered consistent with such intention. Unless the Nonqualified Stock Option is exempt from the requirements of Section 409A under the stock rights exception described in Section 1.409A-1(b)(5) of the Treasury

Regulations and does not include a right to Dividend Equivalents, Schedule 1 will apply to such Nonqualified Stock Option.

**10.3 No guarantee**

Neither the Company nor the Board shall have any liability to a Participant, or any other person, (a) if an Option which is intended to qualify as an Incentive Stock Option fails to qualify as an Incentive Stock Option or (b) for any action or omission by the Company or the Board that causes an Option not to qualify as an Incentive Stock Option, including, without limitation, the conversion of an Incentive Stock Option to a Nonqualified Stock Option or the grant of an Option intended as an Incentive Stock Option that fails to satisfy the requirements under the Code applicable to an Incentive Stock Option.

**10.4 Conflict**

In the event of any conflict between a provision of the main rules of the Plan and a provision of this Schedule, with respect to an Incentive Stock Option granted to a US Employee, the provisions of this Schedule will take precedence.

**Schedule 3**  
**Awards to French Participants**

**1. Purpose**

- 1.1** This French Schedule sets out the terms and conditions applicable to Qualified Awards granted to Eligible French Employees.
- 1.2** This French Schedule makes certain variations to the terms of the Vertical Aerospace Ltd. 2021 Incentive Award Plan, as amended from time to time (the “Plan”), in order to satisfy French securities laws, exchange control, corporate law and tax requirements, so that Qualified Awards may qualify for the specific tax and social security treatment in France under Sections L. 225-197-1 to L. 225-197-6 of the French Commercial Code.
- 1.3** The rules of the Plan shall apply, subject to the modifications contained in this French Schedule, whenever the Board decides to grant Qualified Awards to Eligible French Employees. Nothing in this French Schedule prevents other forms of Award being granted to Eligible French Employees on a non-tax advantaged basis under the rules of the Plan, unamended by this French Schedule. This French Schedule only applies to, and amends the Plan for, Qualified Awards.
- 1.4** The Plan was approved by the shareholders of the Company on 14 December 2021. This French Schedule to the Plan was approved by the Board (or, as relevant, a committee duly authorised by it) on 27 January 2023.

**2. Meaning of words used**

- 2.1** Unless provided otherwise or unless the context requires otherwise, capitalised terms used but not defined in this French Schedule shall have the meaning assigned to them in the Plan.
- 2.2** The terms of Qualified Awards under this French Schedule shall be the same as those for Conditional Awards under the Plan, except to the extent that this French Schedule provides otherwise. References to Conditional Awards in the Plan shall apply to, and include, Qualified Awards, but modified by the special terms of this French Schedule. References to the Plan in the Plan and in this French Schedule will include the French Schedule and, where the French Schedule amends the Plan, the Plan will be interpreted accordingly.
- 2.3** The following definitions shall apply to Qualified Awards granted in accordance with this French Schedule:

“**Closed Period**” means:

- (i) the 30 calendar days prior to the announcement of the half-year or annual financial reports of the Company; or
- (ii) where there is material information (as defined under article 7 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC) that has not been made public and which could, if disclosed to the public, significantly impact on the value of Shares and where the French Participant is either:
  - (a) a member of the board of directors or supervisory board, or exercising the functions of general manager or deputy general manager, of the Company; or
  - (b) an employee,

who has knowledge of this information, anytime until the information is disclosed to the public.

If French law or regulations are amended after adoption or amendment of this French Schedule to modify the definition and/or applicability of the Closed Period to Qualified Awards, such amendment shall become applicable to any Qualified Awards granted under this French Schedule, to the extent permitted or required by French law;

“**Disability**” has the meaning given in the second or third category of Article L.341-4 of the French Code de la sécurité sociale, as amended;

“**Eligible French Employee**” means an Eligible Individual who is an employee or an officer of a French Group Member and who is taxable in France for French tax purposes and/or subject to the French social security regime;

“**French Group Member**” means a company which is a Subsidiary with its registered office in France and is a company in which the Company holds, directly or indirectly, at least 10 per cent of the share capital or voting rights;

“**French Participant**” means an Eligible French Employee who has been granted a Qualified Award;

“**Holding Period**” means such period (applicable under Section L. 225-197-1 of the French Commercial Code), if any, following the Vesting Date of a Qualified Award, as determined by the Board. Where a Holding Period applies, it will be interpreted in accordance with rule 9 (Holding Period) of the Plan, and the provisions of this French Schedule. A Holding Period applicable to a Qualified Award shall generally not expire until at least two years after the Award Date, subject to the provisions of this French Schedule; and

“**Qualified Award**” means a Conditional Award granted under this French Schedule that is intended to qualify for the special tax and social security treatment applicable to free shares granted under Sections L. 225-197-1 to L. 225-197-6 of the French Commercial Code, as amended, at the Award Date, and that:

- (i) is granted for no consideration;
- (ii) satisfies the requirements of a Conditional Award under the Plan; and
- (iii) complies with the requirements of this French Schedule at the Award Date.

### **3. Interpretation**

**3.1** It is intended that Qualified Awards granted under this French Schedule shall qualify for the special tax and social security treatment applicable to free shares granted under Sections L. 225-197-1 to L. 225-197-6 of the French Commercial Code, as amended, and in accordance with the relevant provisions set forth by French tax and social security laws, but the Company does not undertake to maintain this status.

**3.2** The Plan, the terms of the French Schedule and the terms upon which a Qualified Award has been granted shall be interpreted and, where necessary, deemed to be modified, accordingly and in

accordance with the relevant provisions set forth by French tax and social security laws, as well as the relevant administrative provisions.

- 3.3** In the event of any conflict between the provisions of this French Schedule and the Plan and/or any other documents related to the Plan, the provisions of this French Schedule will prevail for grants of Qualified Awards made to Eligible French Employees.
- 3.4** If for any reason a Conditional Award does not, but was originally intended to, satisfy the requirements of the French tax authorities for specific tax and social security treatment, the Company or Board (or, as relevant, a committee duly authorised by it) can take such actions, including changing the Vesting Date and/or applying or amending a Holding Period, as it considers reasonably necessary to achieve such treatment, and the Plan, the terms of this French Schedule and the terms of the Conditional Award shall be interpreted and, where necessary, modified accordingly.
- 3.5** No Member of the Group (including a French Group Member) shall be liable for any adverse consequences, legal, tax or otherwise, if and to the extent that the French tax and social security treatment is unavailable.

**4. Eligibility**

Qualified Awards may only be granted to Eligible French Employees.

**5. Vesting Period**

- 5.1** A French Participant becomes beneficially entitled to receive all or a portion of the Shares subject to the French Participant's Qualified Award at Vesting, subject to the remaining provisions of this Plan and the French Schedule.

- 5.2** The Vesting Period for a Qualified Award will be of a period or periods specified by the Board at the time the Qualified Award is granted, but in each case must be at least:

5.2.1 a one year period as calculated from the Award Date, where a Holding Period applies; or

5.2.2 a two year period as calculated from the Award Date, where no Holding Period applies,

or in each case at least such other period as is required to comply with the minimum mandatory vesting period applicable to Qualified Awards under Section L. 225-197-1 of the French Commercial Code, as amended, or the relevant sections of the French Tax Code or the French Social Security Code, as amended, to benefit from the specific tax and social security treatment applicable to Qualified Awards.

- 5.3** Notwithstanding any other provision of the Plan except for section 12.1, section 12.2 and section 13 (Corporate events and adjustments) of this French Schedule, Qualified Awards cannot Vest prior to the expiration of a one-year period as calculated from the Award Date, or such other period as is required to comply with the minimum mandatory vesting period applicable to Qualified Awards under Section L. 225-197-1 of the French Commercial Code, as amended, or the relevant sections of the French Tax Code or the French Social Security Code, as amended, to benefit from the specific tax and social security treatment applicable to Qualified Awards. This section 5.3 applies even if the French Participant is no longer an employee.

**6. Holding Period**

- 6.1** Subject only to section 12.1, section 12.2 and section 13 (Corporate events and adjustments) of this French Schedule, the:

6.1.1 expiry of a Holding Period (if any) applicable to a Qualified Award; and



6.1.2 sale or transfer of Shares delivered pursuant to a Qualified Award,

may not occur prior to the expiration of a two-year period as calculated from the Award Date, or such other period as is required to comply with the minimum two-year mandatory retention period applicable to Qualified Awards under Section L. 225-197-1 of the French Commercial Code, as amended, or the relevant sections of the French Tax Code or the French Social Security Code, as amended, to benefit from the specific tax and social security regime. This section 6.1 applies even if the French Participant is no longer an employee.

**6.2** Subject to section 12.1, section 12.2 and section 13 (Corporate events and adjustments) of this French Schedule, where:

6.2.1 a Qualified Award is granted with a Vesting Period of less than 2 years under section 5.2.2; and/or

6.2.2 all or a portion of a Qualified Award Vests less than 2 years after the Award Date,

a Holding Period will apply to, as relevant, all or a portion of the Qualified Award for at least until the expiration of a two-year period as calculated from the Award Date, or such other period as is required to comply with the two-year minimum mandatory retention period applicable to Qualified Awards under Section L. 225-197-1 of the French Commercial Code, as amended, or the relevant sections of the French Tax Code or the French Social Security Code, as amended, to benefit from the specific tax and social security regime. For the avoidance of doubt, this section 6.2 may apply even if the Holding Period was not specified in the applicable Award documents.

**7. Dividend Equivalents**

A Qualified Award cannot carry the right to Dividend Equivalents. Any dividend and voting rights will apply only upon and from the delivery of the Shares.

**8. Closed Periods**

**8.1** The Shares delivered to a French Participant pursuant to a Qualified Award may not be sold or transferred by or on behalf of a French Participant during a Closed Period, so long as the French requirements regarding Closed Periods are applicable to the Shares underlying the Qualified Award.

**8.2** Nothing in this section 8 (Closed Periods) allows a French Participant to deal at a time prohibited by Dealing Restrictions.

**9. Additional Plan Limits**

**9.1** At the Award Date of any Qualified Award, the total number of Shares granted subject to Qualified Awards and subject to awards under any other employee share plan of the Company where such awards are granted subject to and in accordance with the provisions of Articles L.225-197-1 et seq. of the French Commercial Code and are (or are similar in substance to) a conditional right to acquire Shares (other than an option) for no or limited cost (up to 5 percent of the Market Value of the Shares), must not exceed 10 percent of the issued ordinary share capital of the Company.

**9.2** However, this relevant percentage may be increased to 30 percent if Qualified Awards are granted to all Eligible French Employees. Where this percentage is increased to 30 percent, Qualified Awards

may only be granted over such number of Shares as does not exceed a ratio of one to five between the smallest and largest awards of Qualified Awards.

**9.3** For the purposes of the limits in this section 9 (Additional Plan Limits):

9.3.1 to the extent the Qualified Award has Vested and a Holding Period does not apply or has expired, the Shares do not need to be counted; and

9.3.2 to the extent a Qualified Award has lapsed, the lapsed Shares do not need to be counted.

**10. Additional Individual Limit**

Qualified Awards cannot be granted to Eligible French Employees owning 10 percent or more of the Company's share capital (including any outstanding Awards under the Plan or outstanding awards under any other employee share plan operated by the Group where such Awards or awards (as applicable) are, or are similar in substance to, a conditional right to acquire shares, other than non- exercised options), or who may hold, as the result of the Qualified Award, 10 percent or more of the Company's share capital.

**11. Delivery of Shares Only**

A Qualified Award may only be settled in Shares and not cash.

**12. Death or Disability**

**12.1** Notwithstanding any other provision of the Plan, immediately upon the death of a French Participant:

12.1.1 the French Participant's Qualified Awards will become deliverable in full; and

12.1.2 any applicable Holding Period will expire and the French Participant's heirs are free to transfer or dispose of the Shares.

**12.2** If a French Participant Leaves due to Disability:

12.2.1 any Unvested Qualified Award will:

(i) continue to Vest in accordance with the terms of the Plan, unless the Board determines that an earlier Vesting Date should apply; and

(ii) Vest only to the extent that the Board determines any Conditions have been satisfied and pro rata to reflect the period from the Award Date until the date the Participant ceases employment, as a proportion of the period from the Award Date until the Vesting Date, unless the Board decides otherwise;

12.2.2 any Holding Period will cease to apply upon Leaving; and

12.2.3 where the Qualified Award was granted subject to the Malus and Clawback Policy, these provisions will continue to apply to the Qualified Award unless and to the extent they are waived or varied by the Board.

**13. Corporate Events and Adjustments**

In the event rule 12 (Corporate events), rule 13 (Exchange of Awards) or rule 14 (Variations in stock capital) of the Plan applies, Qualified Awards will be dealt with in accordance with the provisions of the Plan. This may cause the Qualified Awards to cease to qualify for the French specific tax and social security regime. In this case, the provisions of rule 12 (Corporate events), rule 13 (Exchange

of Awards) or rule 14 (Variations in stock capital) of the Plan nevertheless continue to apply, notwithstanding any potential detrimental tax or social security consequences for the French Participant.

**14. Taxation and payment**

- 14.1** Notwithstanding any other provision of the Plan, French Participants shall be ultimately liable and responsible for all Taxation that they are legally required to pay in connection with Qualified Awards.
- 14.2** To the extent a Qualified Award qualifies for French specific tax and social security treatment under Sections L. 225-197-1 to L. 225-197-6 of the French Commercial Code, the French Participant is responsible for reporting the receipt of any French Taxation under the Plan, and making payment, to the French tax authorities.
- 14.3** To the extent a Qualified Award or a Conditional Award does not so qualify, or is subject to Taxation outside of France, the Taxation, withholding and payment provisions of the Plan continue to apply to the Qualified Award or Conditional Award, unamended by this French Schedule.

**15. DISQUALIFICATION OF QUALIFIED AWARDS**

- 15.1** If the Board intends that a Qualified Award will no longer qualify for the specific tax and social security treatment in France applicable to Conditional Awards granted under Sections L. 225-197-1 to L. 225- 197-6 of the French Commercial Code, as amended, the Board may, provided it is authorized to do so under the Plan, determine to lift, shorten or terminate any restrictions then applicable to the Vesting or delivery of the Qualified Award or to the sale of the Shares underlying the Qualified Award which may have been imposed under this French Schedule or in the applicable Award documents.
- 15.2** In the event that a Qualified Award no longer qualifies under the French tax and social security regime, the French Participant shall be ultimately liable and responsible for all taxes and/or social security contributions that the French Participant is legally required to pay in connection with the Qualified Award and the tax withholding and payment provisions of the Plan will apply unamended by this French Schedule.

**16. AMENDMENT**

Subject to the terms of the Plan, the Board (or, as relevant, a committee duly authorised by it) reserve the right to amend or terminate this French Schedule at any time.

**INDEMNIFICATION AND ADVANCEMENT AGREEMENT**

This Indemnification and Advancement Agreement (“**Agreement**”) is made as of [ ] by and between Vertical Aerospace Ltd., a Cayman Islands exempted company (the “**Company**”), and [ ], a member of the board of directors of the Company (“**Indemnitee**”). This Agreement supersedes and replaces any and all previous Agreements between the Company and Indemnitee covering indemnification and advancement.

**RECITALS**

WHEREAS, the board of directors of the Company (the “**Board**”) believes that highly competent persons have become more reluctant to serve publicly-held corporations and companies as directors, officers, or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification and advancement of expenses and other amounts against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among corporations, companies and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers, and other persons in service to corporations, companies or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The amended and restated memorandum and articles of association of the Company (as amended from time to time, the “Articles”) require indemnification of the officers and directors of the Company;

WHEREAS, the uncertainties relating to such insurance, to indemnification, and to advancement of expenses and other amounts may increase the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company and its shareholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses and other amounts on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is in addition to the indemnification provisions of the Articles and any resolutions adopted pursuant thereto, and is not a substitute therefor, nor diminishes or abrogates any rights of Indemnitee thereunder; and

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WHEREAS, Indemnitee does not regard the protection available under the Articles and insurance as adequate in the present circumstances, and may not be willing to serve or continue to serve as an officer or director without adequate additional protection, and the Company desires Indemnitee to serve or continue to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that Indemnitee be so indemnified and be advanced expenses and other amounts.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services to the Company; Incurrence of Expenses.

(a) Indemnitee agrees to serve as a director of the Company. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law). This Agreement does not create any obligation on the Company to continue Indemnitee in such position and is not an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee.

(b) Indemnitee shall act in good faith in respect of incurring Expenses (as defined in Section 2(g)), and shall use commercially reasonable endeavors within his control to ensure Expenses are reasonably incurred and properly documented.

Section 2. Definitions. As used in this Agreement:

(a) "Agent" means any person who is authorized by the Company or an Enterprise to act for or represent the interests of the Company or an Enterprise, respectively.

(b) A "Change in Control" occurs upon the earliest to occur after the date of this Agreement of any of the following events:

i. Acquisition of Shares by Third Party. Any Person (as defined below) is or becomes the Beneficial Owner (as defined below), directly or indirectly, of shares of the Company representing fifteen percent (15%) or more of the combined voting power of the Company's then outstanding shares unless the change in relative beneficial ownership of the Company's shares by any Person results solely from a reduction in the aggregate number of outstanding shares entitled to vote generally in the election of directors;

ii. Change in Board of Directors. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 2(b)(i), 2(b)(iii) or 2(b)(iv)) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Board;

iii. Corporate Transactions. The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity; and

iv. Liquidation. The approval by the shareholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

v. For purposes of this Section 2(b), the following terms have the following meanings:

1 "Person" has the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however, that Person excludes (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of shares of the Company.

2 "Beneficial Owner" has the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that Beneficial Owner excludes any Person otherwise becoming a Beneficial Owner by reason of the shareholders of the Company approving a merger of the Company with another entity.

(c) "Corporate Status" describes the status of a person who is or was acting as a director, officer, employee, fiduciary, or Agent of the Company or an Enterprise.

(d) "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(e) "Enterprise" means any other corporation, company, limited liability company, partnership, joint venture, trust, employee benefit plan or other entity for which Indemnitee is or was serving at the request of the Company as a director, officer, employee, or Agent.

(f) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

(g) "Expenses" includes all attorneys' fees, retainers, court costs, transcript costs, fees of experts and other professionals, witness fees, travel expenses, duplicating costs,

printing and binding costs, telephone charges, postage, delivery service fees, any federal, state, local or foreign taxes incurred by or imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, including penalties, and all other disbursements or expenses of the types incurred directly or indirectly by Indemnitee in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent, and (ii) Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement, by litigation or otherwise. Expenses, however, do not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(h) "Liabilities" means all obligations and liabilities (past, present, future, actual or contingent and in whatever capacity), whether derived from or under contract (including any misrepresentation, breach of duty, breaches or non-performance of contract), equity (including breach of duty), tort (including negligence, gross negligence and breach of duty), common law, statute (including breach of statutory duty and including civil or criminal breaches (including breaches or non-performance of contract), statute or in fact or in any other manner whatsoever under any applicable law in connection with any actions, proceedings (whether threatened or commenced, and including any threatened or commenced regulatory proceedings), Proceedings, demands (including in respect of tax), costs, interest or damages incurred or sustained at any time by the Indemnitee, as a direct or indirect result of any act or omission of the Indemnitee while appointed or purportedly appointed or acting or purporting to act (whether or not any Indemnitee ceases to be a director, contractor, officer, consultant, employee or purported director, consultant, contractor, officer or employee of the Company and whether or not there was any defect in such appointment) as director, consultant, contractor, officer or employee of the Company, or in connection with any steps that have been taken prior to or in preparation for the Indemnitee's appointment or purported appointment to act in any of the aforementioned capacities.

(i) The term "Proceeding" includes any threatened, pending or completed action, suit, claim, counterclaim, cross claim, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative, legislative, or investigative (formal or informal) nature, including any appeal therefrom, in which Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of Indemnitee's Corporate Status or by reason of any action taken by Indemnitee (or a failure to take action by Indemnitee) or of any action (or failure to act) on Indemnitee's part while acting pursuant to Indemnitee's Corporate Status, in each case whether or not serving in such capacity at the time any liability or Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement is incurred for which indemnification, reimbursement, or advancement of Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement can be provided under this Agreement. A Proceeding also includes a situation the Indemnitee believes in good faith may lead to or culminate in the institution of a Proceeding.

(j) The term "damages" includes any damages (including compensatory damages, expectation damages, criminal damages, consequential damages, general damages,

pecuniary damages, non-pecuniary damages, liquidated damages, aggravated damages, nominal damages, restitutionary or disgorgement damages, punitive damages, speculative damages and/or statutory damages), awards, judgments, settlements or orders, of whatever nature and includes damages, awards, judgments, settlements or orders in contract (including misrepresentation, breach of duty and breach of contract), tort (including negligence, gross negligence and breach of duty), equity (including breach of duty), equitable compensation, statute (including civil and criminal statutes) and/or lack of power or authority or incorrect exercise of (or failure to exercise) the same or any right or remedy and any similar or analogous damages, awards or orders in any jurisdiction.

Section 3. Indemnity in Third-Party Proceedings. The Company will indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor against Indemnitee. Pursuant to this Section 3, the Company hereby irrevocably and unconditionally shall indemnify (and hold harmless and take all actions necessary to hold harmless) Indemnitee to the fullest extent permitted by applicable law against all Expenses, damages, judgments, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, damages, judgments, fines and amounts paid in settlement) incurred directly or indirectly by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed did not constitute fraud or in respect of which Indemnitee had taken legal advice and acted or omitted to act in a manner consistent with such legal advice.

Section 4. Indemnity in Proceedings by or in the Right of the Company. The Company will indemnify Indemnitee in accordance with the provisions of this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor against Indemnitee. Pursuant to this Section 4, the Company hereby irrevocably and unconditionally shall indemnify (and hold harmless and take all actions necessary to hold harmless) Indemnitee to the fullest extent permitted by applicable law against all Expenses incurred directly or indirectly by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein to the extent that Indemnitee is successful, on the merits or otherwise. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company will indemnify Indemnitee against all Expenses incurred directly or indirectly by Indemnitee or on Indemnitee's behalf in connection with or related to each successfully resolved claim, issue or matter to the fullest extent permitted by law. For purposes of this Section 4 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, will be deemed to be a successful result as to such claim, issue or matter. Where Indemnitee is wholly or partially unsuccessful, the Company shall indemnify Indemnitee against all Expenses incurred directly or indirectly by Indemnitee or on Indemnitee's behalf in connection with or related to each unsuccessfully resolved claim, issue or matter to the fullest extent permitted by law, (i), if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed did not constitute fraud or in respect of which Indemnitee had taken legal advice and acted or omitted to act in a manner consistent with such legal advice and/or (b) in any Proceeding for which Indemnitee has been finally adjudged by a court to be liable to the Company, if the court in which the Proceeding was brought determines upon application by



Indemnitee that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

Section 5. [Intentionally left blank].

Section 6. Indemnification For Expenses of a Witness. To the fullest extent permitted by applicable law, the Company hereby irrevocably and unconditionally shall indemnify (and hold harmless and take all actions necessary to hold harmless) Indemnitee against all Expenses incurred directly or indirectly by Indemnitee or on Indemnitee's behalf in connection with any Proceeding to which Indemnitee is not a party but to which Indemnitee is a witness, deponent, interviewee, or otherwise asked to participate.

Section 7. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement but not, however, for the total amount thereof, the Company will indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

Section 8. Additional Indemnification. Notwithstanding any limitation in Section 3, Section 4 or Section 5, the Company hereby irrevocably and unconditionally shall indemnify (and hold harmless and take all actions necessary to hold harmless) Indemnitee to the fullest extent permitted by applicable law if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) of any nature whatsoever or against any Liabilities that the Indemnitee may incur directly or indirectly.

Section 9. Exclusions. Notwithstanding any provision in this Agreement, the Company is not obligated under this Agreement to make any indemnification payment to Indemnitee in connection with any Proceeding:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except to the extent provided in Section 16(b) and except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision. However, the Indemnitee shall not be required to claim under insurance policy before making a claim under this Agreement; or

(b) for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act or similar provisions of state statutory law or common law, (ii) any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act) or (iii) any reimbursement of the Company by Indemnitee of any compensation pursuant to any compensation recoupment or clawback policy adopted by the Board or the

compensation committee of the Board, including but not limited to any such policy adopted to comply with stock exchange listing requirements implementing Section 10D of the Exchange Act, provided in each case that the same is in effect and the Company has procured and paid for legal advice for the Indemnitee to explain the same to the Indemnitee.

(c) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Proceeding or part of such Proceeding is to enforce Indemnitee's rights to indemnification or advancement, of Expenses, (ii) the Board authorized the Proceeding (or any part of such Proceeding) prior to its initiation or (iii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

Section 10. Advances of Expenses.

(a) The Company will advance, to the extent not prohibited by law, the Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement incurred directly or indirectly by Indemnitee in connection with any Proceeding (or any part of any Proceeding) not initiated by Indemnitee or any Proceeding (or any part of any Proceeding) initiated by Indemnitee if (i) the Proceeding or part of any Proceeding is to enforce Indemnitee's rights to obtain indemnification or advancement of Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement from the Company or Enterprise or (ii) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation. The Company will advance the Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement within thirty (30) days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding.

(b) Advances will be unsecured and interest free. Indemnitee undertakes to repay the amounts advanced (without interest) to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company, thus Indemnitee qualifies for advances upon the execution of this Agreement and delivery to the Company. No other form of undertaking is required other than the execution of this Agreement. The Company will make advances without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement.

Section 11. Procedure for Notification of Claim for Indemnification or Advancement.

(a) Indemnitee will notify the Company in writing of any Proceeding with respect to which Indemnitee intends to seek indemnification or advancement of Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement hereunder as soon as reasonably practicable following the receipt by Indemnitee of written notice thereof. Indemnitee will include in the written notification to the Company a description of the nature of the Proceeding and the facts underlying the Proceeding and provide such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of such Proceeding. Indemnitee's failure to notify the Company will not relieve the Company from any obligation it may have to Indemnitee under this Agreement, and any delay in so notifying the Company will

not constitute a waiver by Indemnitee of any rights under this Agreement. The chief legal officer of the Company will, promptly upon receipt of such a request for indemnification or advancement, advise the Board in writing that Indemnitee has requested indemnification or advancement.

- (b) The Company will be entitled to participate in the Proceeding at its own expense.

Section 12. Procedure Upon Application for Indemnification.

- (a) The Company will make payment to Indemnitee within thirty (30) days after presentation of an invoice for Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement which are payable under the terms of Sections 3 to 9. .

Section 13. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The indemnification and advancement of Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement provided by this Agreement are not exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Articles, any agreement, a vote of shareholders or a resolution of directors, or otherwise. The indemnification and advancement of Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement provided by this Agreement may not be limited or restricted by any amendment, alteration or repeal of this Agreement in any way with respect to any action taken or omitted by Indemnitee in Indemnitee's Corporate Status occurring prior to any amendment, alteration or repeal of this Agreement. To the extent that a change in Cayman law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement than would be afforded currently under the Articles, or this Agreement, it is the intent of the parties hereto that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy is cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other right or remedy.

(b) The Company hereby acknowledges that Indemnitee may have certain rights to indemnification, advancement of Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement and/or insurance provided by one or more other Persons with whom or which Indemnitee may be associated. The relationship between the Company and such other Persons, other than an Enterprise, with respect to the Indemnitee's rights to indemnification, advancement of Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement and insurance is described by this subsection, subject to the provisions of subsection (d) of this Section 16 with respect to a Proceeding concerning Indemnitee's Corporate Status with an Enterprise.

- i. The Company hereby acknowledges and agrees:

1) the Company is the indemnitor of first resort with respect to any request for indemnification or advancement of Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement made pursuant to this Agreement concerning any Proceeding;

2) the Company is primarily liable for all indemnification and indemnification or advancement of Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement obligations for any Proceeding, whether created by law, organizational or constituent documents, contract (including this Agreement) or otherwise;

3) any obligation of any other Persons with whom or which Indemnitee may be associated to indemnify Indemnitee and/or advance Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement to Indemnitee in respect of any proceeding are secondary to the obligations of the Company's obligations;

4) the Company will indemnify Indemnitee and advance Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement to Indemnitee hereunder to the fullest extent provided herein without regard to any rights Indemnitee may have against any other Person with whom or which Indemnitee may be associated or insurer of any such Person; and

ii. the Company irrevocably waives, relinquishes and releases (A) any other Person with whom or which Indemnitee may be associated from any claim of contribution, subrogation, reimbursement, exoneration or indemnification, or any other recovery of any kind in respect of amounts paid by the Company to Indemnitee pursuant to this Agreement and (B) any right to participate in any claim or remedy of Indemnitee against any Person, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from any Person, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right.

iii. In the event any other Person with whom or which Indemnitee may be associated or their insurers advances or extinguishes any liability or loss for Indemnitee, the payor has a right of subrogation against the Company or its insurers for all amounts so paid which would otherwise be payable by the Company or its insurers under this Agreement. In no event will payment by any other Person with whom or which Indemnitee may be associated or their insurers affect the obligations of the Company hereunder or shift primary liability for the Company's obligation to indemnify or advance of Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement to any other Person with whom or which Indemnitee may be associated.

iv. Any indemnification or advancement of Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement provided by any other Person with whom or which Indemnitee may be associated is specifically in excess over the Company's obligation to indemnify and advance Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement or any valid and collectible insurance (including but not limited to any malpractice insurance or professional errors and omissions insurance) provided by the Company.

(c) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents of the Company, the Company will obtain a policy or policies covering Indemnitee to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies, including coverage in the event the Company does not or cannot, for any reason, indemnify or advance Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement to Indemnitee as required by this Agreement. If, at the time of the receipt of a notice of a claim pursuant to this Agreement, the Company has director and officer liability insurance in effect, the Company will give prompt notice of such claim or of the commencement of a Proceeding, as the case may be, to the insurers in accordance with the procedures set forth in the respective policies. The Company will thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies. Indemnitee agrees to assist the Company efforts to cause the insurers to pay such amounts and will comply with the terms of such policies, including selection of approved panel counsel, if required.

(d) The Company's obligation to indemnify or advance Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement hereunder to Indemnitee for any Proceeding concerning Indemnitee's Corporate Status with an Enterprise will be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement from such Enterprise. The Company and Indemnitee intend that any such Enterprise (and its insurers) be the indemnitor of first resort with respect to indemnification and advancement of Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement for any Proceeding related to or arising from Indemnitee's Corporate Status with such Enterprise. The Company's obligation to indemnify and advance Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement to Indemnitee is secondary to the obligations the Enterprise or its insurers owe to Indemnitee. Indemnitee agrees to take all reasonably necessary and desirable action to obtain from an Enterprise indemnification and advancement of Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement for any Proceeding related to or arising from Indemnitee's Corporate Status with such Enterprise.

(e) In the event of any payment made by the Company under this Agreement, the Company will be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee from any Enterprise or insurance carrier. Indemnitee will execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

Section 14. Duration of Agreement. This Agreement continues until and terminates upon the later of (a) twelve years after the date that the Indemnitee ceases to be a director; (b) two years after the expiry of any applicable limitation period in connection with a Proceeding; and (c) two years after the final termination of any applicable Proceeding and any applicable appeal period in respect thereof then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement. The indemnification and advancement of Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement rights provided by or granted pursuant to this Agreement are binding upon and enforceable by the parties hereto and their respective successors and assigns

(including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or of any other Enterprise, and inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

Section 15. Severability. If any provision or provisions of this Agreement is held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) will not in any way be affected or impaired thereby and remain enforceable to the fullest extent permitted by law; (b) such provision or provisions will be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) will be construed so as to give effect to the intent manifested thereby.

Section 16. Interpretation. Any ambiguity in the terms of this Agreement will be resolved in favor of Indemnitee and in a manner to provide the maximum indemnification and advancement of Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement permitted by law. The Company and Indemnitee intend that this Agreement provide to the fullest extent permitted by law for indemnification and advancement in excess of that expressly provided, without limitation, by the Articles, vote of the Company shareholders or Disinterested Directors, or applicable law.

Section 17. Entire Agreement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving or continuing to serve as a director or officer of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement is in addition to the indemnification provisions of the Articles and in furtherance of the Articles and applicable law, and is not a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 18. Modification and Waiver. No supplement, modification or amendment of this Agreement is binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement will be deemed or constitutes a waiver of any other provisions of this Agreement nor will any waiver constitute a continuing waiver.

Section 19. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement covered hereunder. The failure of Indemnitee to so notify the Company does not relieve the Company of any obligation which it may have to the Indemnitee under this Agreement or otherwise.

Section 20. Notices. All notices, requests, demands and other communications under this Agreement will be in writing and will be deemed to have been duly given if (a) delivered by hand to the other party, (b) sent by reputable overnight courier to the other party or (c) sent by electronic mail, with receipt of oral confirmation that such communication has been received:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee provides to the Company.

(b) If to the Company to:

Vertical Aerospace Ltd.  
Camwal Court - Unit 1  
Chapel Street  
Bristol BS2 0UW  
United Kingdom  
Attn: Sanjay Verma  
E-mail: legal@vertical-aerospace.com

or to any other address as may have been furnished to Indemnitee by the Company.

Section 21. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, will contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, Liabilities, damages, judgments, fines and amounts paid in settlement, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

Section 22. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties are governed by, and construed and enforced in accordance with, the laws of the Cayman Islands, without regard to its conflict of laws rules. The Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or Proceeding arising out of or in connection with this Agreement may be brought only in the Courts of England and Wales [*Note to Draft - For US based directors only*:or in the Delaware Court of Chancery] and not in any other state or federal court in the United States of America or any court in any other

country, (ii) consent to submit to the jurisdiction of the Courts of England and Wales [*Note to Draft - For US based directors only:* or the Delaware Court] for purposes of any action or Proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or Proceeding in the Courts of England and Wales [*Note to Draft - For US based directors only:* or in the Delaware Court], and (iv) waive, and agree not to plead or to make, any claim that any such action or Proceeding brought in the Courts of England and Wales [*Note to Draft - For US based directors only:* or in the Delaware Court] has been brought in an improper or inconvenient forum.

Section 23. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which will for all purposes be deemed to be an original but all of which together constitutes one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 24. Headings. The headings of this Agreement are inserted for convenience only and do not constitute part of this Agreement or affect the construction thereof.

Section 25. Waiver of claims by the Company against the Indemnitee. Notwithstanding any provision of this Agreement to the contrary:

(a) the Company hereby waives to the fullest extent permitted by law any claim (including, without limitation, in respect of anything that Indemnitee is entitled to be indemnified for hereunder), Proceeding or right of action or remedy that it may at any time have against Indemnitee on account of any action taken by the Indemnitee or the failure of Indemnitee to take any action in the performance of his duties with or for the Company, *provided*, however, that such waiver shall not apply to any claims or rights of action arising out of (i) of a breach by the Indemnitee of his fiduciary duties to the Company, or (ii) the fraud of Indemnitee, *save where* Indemnitee acted in good faith and in a manner Indemnitee reasonably believed did not constitute fraud or in respect of which Indemnitee had taken legal advice and acted or omitted to act in a manner consistent with such legal advice;

(b) the Indemnitee shall be entitled to all of the protections and benefits afforded to him hereunder notwithstanding any defect in his appointment as a director of the Company, *provided* that Indemnitee reasonably believed that he had been appointed as a director of the Company;

(c) the Indemnitee shall not be liable to the Company for the acts, defaults or omissions of any other director, officer or employee of the Company or any other indemnitee; and

(d) the Company hereby waives any rights or remedies that it may have to argue to the contrary in any court, tribunal or similar of competent jurisdiction.

The Company shall hold on trust for the benefit of the Indemnitee any assets of any description that it may receive from the Indemnitee in breach of this Section 25 and shall promptly pay or give to the Indemnitee any such assets. If such assets are not capable of being held on trust pending such payment or giving, the Company shall owe the Indemnitee a debt equal to the value of such assets and shall indemnify on demand the Indemnitee against all Liabilities that it may directly or



indirectly incur as a result of such non-compliance or such asset not being paid or given to the Indemnitee.

*[Remainder of page intentionally left blank]*

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

**COMPANY**

**VERTICAL AEROSPACE LTD.**

By: \_\_\_\_\_  
Name:  
Title: Chair of the Board of Directors

**INDEMNITEE**

By: \_\_\_\_\_  
Name:  
Notice Address:

*[Signature page to Indemnification and Advancement Agreement]*

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**Subsidiaries of Vertical Aerospace Ltd.**  
**(as of December 31, 2024)**

<b>Legal Name of Subsidiary</b>	<b>Place of Incorporation</b>
Vertical Aerospace Group Ltd.	United Kingdom
Vertical Aerospace France SAS	France
Vertical Aerospace North America LLC	Delaware (USA)

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**CERTIFICATION**

I, Stuart Simpson, Chief Executive Officer, certify that:

1. I have reviewed this annual report on Form 20-F of Vertical Aerospace Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

By: \_\_\_\_\_  
/s/ Stuart Simpson  
Stuart Simpson  
Chief Executive Officer  
(Principal Executive Officer)

Date: March 11, 2025

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The certification set forth below is being submitted in connection with the Annual Report on Form 20-F of Vertical Aerospace Ltd. (the “Company”) for the year ended December 31, 2024 (the “Report”) for the purpose of complying with Rule 13a-14(b) or Rule 15d- 14(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, John Maloney, interim Principal Financial Officer of the Company, certify that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: \_\_\_\_\_ /s/ John Maloney  
John Maloney  
Interim Principal Financial Officer

Date: March 11, 2025

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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form F-3 (Nos. 333-270756, 333-275430, 333-284418 and 333-284763) and Form S-8 (No. 333-263815) of Vertical Aerospace Ltd. of our report dated March 11, 2025 relating to the financial statements, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers LLP  
Bristol, United Kingdom  
March 11, 2025

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