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

FORM 6-K

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

For the month of May 2025

Commission File Number: 001-41169

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

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

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

Form 20-F ☒

Form 40-F ☐

INFORMATION CONTAINED IN THIS REPORT ON FORM 6-K

On May 13, 2025, Vertical Aerospace Ltd. (the “Company”) issued a press release announcing its financial results for the three months ended March 31, 2025, a copy of which is furnished as Exhibit 99.1 hereto.

The Company’s operating and financial review and prospects with respect to the three months ended March 31, 2025 and unaudited condensed consolidated interim financial statements for the three months ended March 31, 2025 and related notes thereto are attached as Exhibits 99.2 and 99.3, respectively, to this Report on Form 6-K.

INCORPORATION BY REFERENCE

Exhibits 99.2 and 99.3 to this Report on Form 6-K are hereby incorporated by reference into the Company's Registration Statement on Form F-3 (File No. 333-270756 and File No. 333-284763) (including any prospectuses forming a part of such registration statements) and to be a part thereof from the date on which this Report on Form 6-K is filed, to the extent not superseded by documents or reports subsequently filed or furnished.

EXHIBIT INDEX

Exhibit No.	Description
<u>99.1</u>	<u>Press release of Vertical Aerospace Ltd. dated May 13, 2025</u>
<u>99.2</u>	<u>Operating and financial review and prospects with respect to the three months ended March 31, 2025</u>
<u>99.3</u>	<u>Unaudited condensed consolidated interim financial statements for the three months ended March 31, 2025</u>

SIGNATURES

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

VERTICAL AEROSPACE LTD.

Date: May 13, 2025

By: /s/ Stuart Simpson

Stuart Simpson
Chief Executive Officer

Vertical Aerospace Provides First Quarter 2025 Operating Update, Demonstrating Momentum Towards Certification and Commercialisation

- On pace to achieve full-scale, piloted wingborne flight with all-electric prototype in Q2
- Announces 1,000-mile hybrid-electric VTOL programme to serve defence, logistics and wider commercial applications
- Signs new long-term partnership with Honeywell to certify and produce critical elements of the VX4's flight control and aircraft management systems
- Board strengthened with three new directors with deep capital markets expertise
- Maintains industry-leading capital efficiency¹
- Q1 2025 results call today at 08:30 am ET (13:30 BST)

LONDON & NEW YORK— May 13, 2025 – Vertical Aerospace (Vertical) [NYSE: EVTL], a global aerospace and technology company that is pioneering electric aviation, today provided an operating update and released financial results for the first quarter ended March 31, 2025. The first quarter 2025 results filing is accessible on the Company's investor relations [website](#).

Stuart Simpson, CEO at Vertical, said: *"2025 is on pace to be a transformational year for Vertical as we advance our piloted flight test programme and move into the final flight test phases. With the announcement of our hybrid-electric programme - opening up new high-value markets - and the expansion of our partnership with Honeywell to certify critical flight systems, we are deepening our technical and commercial edge. With growing regulatory confidence in the VX4 and a strong team behind us, we're well positioned to deliver a scalable, certifiable aircraft to the global market."*

Recent Highlights

Advancing Our Best-in-Class Aircraft:

- Entered into new long-term agreement with Honeywell to certify critical aircraft management and flight controls systems for the production version of the VX4. The agreement also includes new Honeywell inceptors to make the VX4 easier and safer for pilots to fly.
- Announced the development of a long range 1,000 mile hybrid-electric vertical-take-off-and landing (VTOL) variant of its VX4 aircraft to unlock new market opportunities in defence, logistics and wider commercial applications.
- Doubled flight testing capabilities with the delivery of the third full-scale VX4 prototype to Vertical's Flight Test Center, where assembly will be completed.
- Expanded Vertical's test pilot team with the appointment of Paul Stone, former Volocopter Chief Test Pilot, becoming one of the few eVTOL companies to have two test pilots with experience flying full-scale eVTOL aircraft.

¹ Based on operating costs and investments in PPE, compared to publicly available information from competitors.

- Supported the acceleration of global, industry-wide charging infrastructure by adopting the Combined Charging Standard (CCS) for the VX4.

Moving at Pace Towards Certification and Industrialisation:

- In Q2 we anticipate receiving approval from the UK Civil Aviation Authority (CAA) to start piloted wingborne flight tests, another significant step in the expansion of our flight test program.
- Scheduled to complete piloted transition flight, the final stage of Vertical's flight test program, in the second half of 2025.
- Appointed three new Board members, James Keith (JK) Brown, Kris Haber, and Carsten Stendevad, bringing business development expertise, a deep understanding of capital markets, and experience scaling growth-stage companies.

Financial Outlook:

- Maintained industry-leading capital efficiency²; and as of March 31, 2025, cash and cash equivalents totaled £69 million (\$89 million), expected to provide sufficient funding to support operations into the fourth quarter of 2025.
- No change to expectations for FY 2025 net operating cash outflows of approximately £90 million to £100 million (\$110 million to \$125 million).
- Expected net cash outflows from operating activities for the next 12 months of approximately £90 million (\$120 million), which will be used primarily to continue funding the assembly and testing of the VX4.

Joining the Q1 Webcast

Vertical will host a webcast at 08:30 am ET (13:30 BST) today to discuss the first quarter's results. The call will be hosted by Stuart Simpson, Vertical's CEO and he will be joined by Dr Limhi Somerville, Vertical's Director of Engineering, who will talk through progress in Q1, Vertical's battery development program and hybrid capabilities.

To access the webcast, visit Vertical's Investor Relations website: [\[LINK\]](#)

A replay of the webcast will be available on the company website following the event.

About Vertical Aerospace

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

² Based on operating costs and investments in PPE, compared to publicly available information from competitors.

Vertical has c.1,500 pre-orders of the VX4, with customers across four continents, including American Airlines, Japan Airlines, GOL and Bristow. Certain customer obligations are expected to be fulfilled via third-party agreements. Headquartered in Bristol, the epicentre of the UK's aerospace industry, Vertical's experienced leadership team comes from top tier automotive and aerospace companies such as Rolls-Royce, Airbus, GM and Leonardo. Together they have previously certified and supported over 30 different civil and military aircraft and propulsion systems.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 that relate to our current expectations and views of future events. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements as contained in Section 27A of the Securities Act and Section 21E of the Exchange Act. Any express or implied statements contained in this press release that are not statements of historical fact may be deemed to be forward-looking statements, including, without limitation, statements regarding our future results of operations and financial position as well as our financial outlook, the design and manufacture of the VX4, the features and capabilities of the VX4 and the hybrid-electric VX4 variant, certification and the commercialization of the both the VX4 and the hybrid-electric VX4 variant and our ability to achieve regulatory certification of our aircraft product on any particular timeline or at all, expected ability to certify the Honeywell Anthem Flight deck and compact fly-by-wire system for the production version of the VX4, business strategy and plans and objectives of management for future operations, including the building and testing of our prototype aircrafts on timelines projected, completion of the piloted test programme phases, selection of suppliers, trends in sovereign defense budgets, our ability to integrate hybrid technology into the VX4 on any particular timelines or at all, the ability of the hybrid-electric VX4 variant VX4 to be applied in defense, cargo, logistics and emergency services sectors, our ability to scale the hybrid-electric VX4 upon the VX4, our ability and plans to raise additional capital to fund our operations, anticipated Board changes and the new board members' impact on Vertical and its fundraising efforts, the differential strategy compared to our peer group, expectations surrounding pre-orders and commitments, our future results of operations and financial position and expected financial performance and operational performance, liquidity, growth and profitability strategies, the transition towards a net-zero emissions economy, as well as statements that include the words "expect," "intend," "plan," "believe," "project," "forecast," "estimate," "may," "should," "anticipate," "will," "aim," "potential," "continue," "are likely to" and similar statements of a future or forward-looking nature. Forward-looking statements are neither promises nor guarantees, but involve known and unknown risks and uncertainties that could cause actual results to differ materially from those projected, including, without limitation: our limited operating history without manufactured non-prototype aircraft or completed eVTOL aircraft customer order; our potential inability to raise additional funds when we need or want them, or at all, to fund our operations; our limited cash and cash equivalents and recurring losses from our operations raise significant doubt (or raise substantial doubt as contemplated by PCAOB standards) regarding our ability to continue as a going concern; our potential inability to produce or launch aircraft in the volumes or timelines projected; the potential inability to obtain the necessary certifications for production and operation within any projected timeline, or at all; the inability for our aircraft to perform at the level we expect and may have potential defects; our dependence on partners and suppliers for the components in our aircraft and for operational needs; our history of losses and the expectation to incur significant expenses and continuing losses for the foreseeable future; the market for eVTOL aircraft being in a relatively early stage; any accidents or incidents involving eVTOL aircraft could harm our business; all of the pre-orders received are conditional and may be terminated at any time and any predelivery payments may be fully refundable upon certain specified dates; any potential failure to effectively manage our growth; our inability to recruit and retain senior management and other highly skilled personnel; we have previously identified material weaknesses in our internal controls over financial reporting which if we fail to properly remediate, could adversely affect our results of operations, investor confidence in us and the market price of our ordinary shares; and the other important factors discussed under the caption "Risk Factors" in our Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission ("SEC") on March 11, 2025, as such factors may be updated from time to time in our other filings with the SEC. Any forward-looking statements contained in this press release speak only as of the date hereof and accordingly undue reliance should not be placed on such statements. We disclaim any obligation or undertaking to update or revise any forward-looking statements contained in this press release, whether as a result of new information, future events or otherwise, other than to the extent required by applicable law.

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OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion and analysis of the financial condition and results of operations of Vertical Aerospace Ltd. (“our”, “we” or the “Company”) should be read in conjunction with our unaudited condensed consolidated interim financial statements and the related notes included elsewhere in this filing, as well as our audited consolidated financial statements and the related notes included in our Annual Report on Form 20-F for the year ended December 31, 2024 (the “Annual Report”). The following discussion is based on our financial information prepared in accordance with International Financial Reporting Standards, (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

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

Overview

Our 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, 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 original equipment manufacturers (“OEMs”) actively pursuing certification from the United Kingdom’s Civil Aviation Authority (the “CAA”) and the European Union Aviation Safety Agency (“EASA”) with a winged vehicle. We aim to have our aircraft certified to safety targets the same as those to which large commercial airliners are subject, based on standards that are 100 times safer than those applicable to small single engine helicopters. EASA and the CAA have also agreed how they will collaborate on the certification of Vertical’s VX4, under the technical implementation procedures agreed as part of the UK’s withdrawal from the European Union. While both regulators have been working closely already, this sets the foundations for their certification experts to apply common standards and work together towards concurrent certification and validation of the VX4 by both authorities. In 2023, the CAA announced its intention to adopt EASA’s Means of Compliance to SC-VTOL, the standards against which European and UK manufacturers design eVTOLs. By achieving certification of our VX4 eVTOL aircraft from the CAA and EASA, we expect to leverage the work done with our home regulator to have the certification validated by other regulators where we intend to operate, including the United States Federal Aviation Authority (the “FAA”), Brazil’s National Civil Aviation Agency (“ANAC”) and Japan Civil Aviation Bureau (“JCAB”).

In March 2023, the CAA issued us with an eVTOL Design Organisation Approval (“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 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 the establishment of an industrial supply chain is expected to enable rapid scaling of production of our aircraft.

Recent Developments

On May 12, 2025, we announced the development of a hybrid-electric vertical take-off and landing (“VTOL”) variant of the VX4 aircraft, enabling new potential applications in defense, logistics and commercial sectors including air ambulance services, which require longer range and higher payload than current eVTOL platforms can deliver.

On May 8, 2025, we announced the signing of a new long-term agreement with Honeywell that expands our existing partnership and reinforces Honeywell’s commitment to the certification and production of the VX4. Under this expanded collaboration, Honeywell and Vertical will work together to certify two of the most critical systems on the VX4 that make it safer and easier to fly: the aircraft management system, which includes the Honeywell Anthem Flight deck, and the flight controls system, which includes Honeywell’s compact fly-by-wire system. Both systems will be certified for the production version of the VX4.

On April 30, 2025, the Board of Directors (the “Board”) of the Company appointed Kris Haber to serve as a director on the Board, effective immediately. Mr. Haber has more than 33 years’ experience in corporate finance, business development and strategic buildups. Currently, Mr. Haber is the Chief Executive Officer and Founder of Vega Partners, an investment firm that’s led in excess of \$3bn in transaction value for a variety of early and growth stage investments and merchant banking opportunities. Mr. Haber holds multiple board seats across the clean energy landscape, including at Standard Carbon, EnergyX, MAG IA and EV Match.

On May 6, 2025, the Board appointed James Keith Brown to serve as a director on the Board, with effect from May 14, 2025. Mr. Brown is a seasoned investment executive with a proven track record of supporting growth-stage firms scale and reach market readiness. Mr. Brown currently serves as a Senior Advisor at Thrive Capital. Mr. Brown was a founding partner at Och-Ziff Capital Management, where he played a central role in taking the firm public in 2007, expanding assets under management from \$32 billion at the time of the IPO to a peak of \$50 billion, and overseeing global investor relations and fund strategy. Mr. Brown is a member of the board of directors of DigitalBridge Group, Inc., where he serves on its audit committee and human capital and compensation committee.

On May 6, 2025, the Board appointed Poul Carsten Stendevad to serve as a director on the Board, with effect from May 14, 2025. Mr. Stendevad is an experienced global finance leader who brings expertise in developing and executing on corporate and financial strategies. Mr. Stendevad currently serves as Partner and Co-Chief Investment Officer for Sustainable Investing at Bridgewater Associates, as a board advisor to GIC, Singapore’s sovereign wealth fund and chairs the Board of Directors of the Danish Refugee Committee.

On April 30, 2025, Gur Kimchi notified the Board of his resignation as a director on the Board, with immediate effect, and on May 6, 2025, Kathy Cassidy notified the Board of her resignation as a director on the Board, with effect from May 14, 2025.

From May 14, 2025, Ben Story will serve as chair of the Audit Committee. Ben Story is considered an “audit committee financial expert” as defined by the SEC.

On March 31, 2025, we announced we are adopting the Combined Charging Standard (“CCS”) for the VX4, joining BETA Technologies and Archer Aviation in driving a universal, fast-charging system for eVTOL aircraft. The CCS fast-charging standard is expected to allow the VX4 to achieve fast turnaround times, including rapid battery charging and conditioning for shuttle operations. Our adoption of CCS will enable immediate interoperability with all CCS chargers of this standard.

On March 13, 2025, we announced the appointment of Paul Stone as a Test Pilot. With over 28 years of experience in experimental, development, certification, and production test flying, including 20 years in the Royal Navy, Mr. Stone has accumulated over 4,800 flight hours across more than 200 aircraft types. Most recently he was Chief Test Pilot at Volocopter, flying both their concept demonstrator and full-scale eVTOL Volocity prototype.

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, piloted 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. We announced the conclusion of Phase 2 in February 2025, with the prototype completing over thirty piloted test flights, cumulatively, 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.

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 and as previously announced, 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 wingborne capability and battery efficacy. We plan to continue to invest in our infrastructure, workforce and research and development efforts to ensure that we will be able to deliver our aircraft to our customers in a timely manner.

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

Competition

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

Regulatory Landscape

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

Trends and Other Factors Affecting our Business

We are closely monitoring the possible impact that ongoing geopolitical conflicts (including the ongoing war between Russia and Ukraine) and 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*” in our Annual Report.

A. Operating Results

Components of Results of Operations

Revenue

We are currently in the research and development phase of our journey to commercialization of eVTOL technology. We have not generated any revenue from design, development, manufacturing, engineering, sale or distribution of our aircraft. No revenue was generated during the three months ended March 31, 2025.

Operating Expenses

Research and Development Expenses

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

Administrative Expenses

Administrative expenses consist of the costs associated with employment of our non-engineering staff, including salary and benefits, the costs associated with our premises, and the depreciation of our fixed assets, including depreciation of “right of use” assets in relation to our leased property. We expect administrative expenses to increase as our overall activity levels increase due to an expanding property footprint, as well as the need for additional resources in enabling functions to support our engineering activities. We also expect administrative expenses to increase as we hire additional personnel and consultants to support our compliance with the applicable provisions of the Sarbanes-Oxley Act and other SEC rules and regulations. See note 4 to our unaudited condensed consolidated interim financial information included elsewhere in this filing.

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 three months ended March 31, 2025. See note 5 to our unaudited condensed consolidated interim financial information included elsewhere in this filing.

Related Party Administrative Expenses

Related party administrative expenses reflect costs from Imagination Industries Incubator Ltd. (“i3”), which is an entity controlled by Stephen Fitzpatrick, our former majority shareholder and director. The nature of these costs is the provision of a limited number of flexible desk spaces at the United House in London, UK. See note 16 to our unaudited condensed consolidated interim financial information included elsewhere in this filing.

Other Operating Income

Other operating income consists of government grants to support our development activities as well as the UK R&D expenditure credit (“RDEC”) related to the United Kingdom research and development tax relief schemes.

Net Finance Income (net of finance costs)

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 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.

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.

Income tax credit

The Company receives UK small and medium-sized enterprise (“SME”) R&D tax relief, which is reported within Income tax credit. This was replaced by an enhanced R&D intensive support (“ERIS”) scheme replaced the old RDEC and SME schemes for accounting periods beginning on or after April 1, 2024.

The Company also receives R&D tax relief relating to the RDEC, which is reported within Other operating income.

Qualifying expenditures largely comprise R&D staff employment costs, R&D components, consumables, parts, tooling and outsourced contracting support for R&D activities and utilities costs.

Results of Operations

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

	Three Months Ended March 31,		
	2025	2024	
	(in £ thousands)	(in £ thousands)	% Change
Research and development expenses	(11,217)	(13,984)	(20)%
Administrative expenses	(9,489)	(9,467)	0%
Related party administrative expenses	(94)	(21)	348%
Other operating (expense)/income	(6,092)	2,591	(335)%
Operating loss	(26,892)	(20,881)	29%
Net finance income/(costs)	406,147	(10,551)	(3,949)%
Profit/(loss) before tax	379,255	(31,432)	(1,307)%
Income tax credit	16,470	2,571	541%
Net profit/(loss)	395,725	(28,861)	(1,471)%

For the three months ended March 31, 2024 and 2025

Research and development expenses

Research and development expenses decreased by £2,767 thousand, or 20% from £13,984 thousand during the three months ended March 31, 2024 to £11,217 thousand during the three months ended March 31, 2025.

Spend on research and development components, parts and tooling decreased from £5,009 thousand during the three months ended March 31, 2024 to £2,297 thousand during the three months ended March 31, 2025. This decrease was primarily due a reduction in the aircraft parts required to be delivered given the commencement of the assembly of our third aircraft prototype during the first quarter of 2025.

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 in research and development consultancy costs from £3,139 thousand during the three months ended March 31, 2024 to £1,932 thousand during the three months ended March 31, 2025.

We have continued to invest in high quality engineering expertise. This has resulted in an increase in research and development staff costs from £5,836 thousand during the three months ended March 31, 2024 to £6,988 thousand during the three months ended March 31, 2025.

Administrative expenses

Administrative expenses increased by £22 thousand, from £9,467 thousand during the three months ended March 31, 2024 to £9,489 thousand during the three months ended March 31, 2025.

Administrative staff costs (excluding share based payments) increased by £499 thousand, or 21%, from £2,356 thousand for the three months ended March 31, 2024 to £2,855 thousand for the three months ended March 31, 2025 reflecting increased investment in enabling and support functions. Please see note 4 to our unaudited condensed consolidated interim financial statements included elsewhere in this filing for further information.

Share based payment expenses decreased by £785 thousand, or 41%, from £1,929 thousand for the three months ended March 31, 2024 to £1,144 thousand for the three months ended March 31, 2025 reflecting a lower share price at the date of share awards during the three months ended March 31, 2025 compared to the three months ended March 31, 2024 in addition to the vesting profile of awards made in each respective year. Please see note 5 to our unaudited condensed consolidated interim financial statements included elsewhere in this filing for further information.

Related party administrative expenses

Related party administrative expenses increased by £73 thousand, or 348% from £21 thousand during the three months ended March 31, 2024 to £94 thousand during the three months ended March 31, 2025, which reflects the cost of alterations and renovations made to the office space provided by i3.

Other operating (expense)/income

Other operating income decreased by £8,683 thousand, or 335% from income of £2,591 thousand during the three months ended March 31, 2024 to expense of £6,092 thousand during the three months ended March 31, 2025.

At the time of preparing its financial statements for the year ended December 31, 2024, the Company was unable to determine, with certainty, if any relationships existed that would cause VAGL to be defined as a large company and ineligible for SME relief. Absent such certainty, within those financial statements, the Company recognized tax relief solely based on the RDEC scheme.

Management has since determined that the transactions contemplated under the Investment Agreement on December 23, 2024, do not result in the presence of any linked or partner companies that would otherwise cause VAGL to be defined as a large company and therefore the three months ended March 31, 2025 reflects the reversal of tax relief previously recognized under the RDEC scheme of £7,553 million, which has since been claimed, but not yet received, under the SME scheme (and reported within Income tax credit).

A merged RDEC scheme and an ERIS scheme replaced the old RDEC and SME schemes for accounting periods beginning on or after April 1, 2024.

The ERIS scheme is not notified state aid, allowing grant funding to be combined with R&D tax relief. Unlike the old SME scheme, grant funded R&D does not provide a barrier to an ERIS claim, and as a result no RDEC relief has been recognised for the current period.

Income from government grants decreased from £2,217 thousand for the three months ended March 31, 2024 to £1,455 thousand for the three months ended March 31, 2025. We continue to be eligible and in receipt of government grant funding from the United Kingdom's Aerospace Technology Institute and Innovate UK in relation to our proprietary propeller and battery technologies. The receivable installments are recognized in other operating income as the matching sanctioned expenditure is incurred, with a retrospective claim process.

Finance income/(costs)

Net finance income increased by £416,698 thousand, or 3,949% from finance costs of 10,551 thousand during the three months ended March 31, 2024 to finance income of £406,147 thousand during the three month ended March 31, 2025.

This reflects fair value gains on financial liabilities, relating to Convertible Senior Secured notes, which increased by £403,198 thousand, from fair value losses of £4,075 thousand during the three months ending March 31, 2024 to fair value gains of £399,123 thousand during the three months ended March 31, 2025. This results from a lower share price as at March 31, 2025 compared to March 31, 2024. The underlying share price of the Company, exercise price, volatility, interest rate, and time to expiration have been used as inputs into an option pricing model to derive the instrument's theoretical fair value. Please see note 14 to our unaudited condensed consolidated interim financial statements included elsewhere in this filing for further information.

Foreign exchange gains increased by £11,896 thousand, from a foreign exchange loss of £2,460 thousand during the three months ending March 31, 2024 to foreign exchange gains of £9,436 thousand during the three months ended March 31, 2025. This resulted from the strengthening of British pounds sterling against the U.S. dollar. Please see note 8 to our unaudited condensed consolidated interim financial statements included elsewhere in this filing for further information.

Income tax credit

Income tax credit increased by £13,899 thousand, or 541% from £2,571 thousand during the three months ended March 31, 2024 to £16,470 thousand during the three months ended March 31, 2025.

The income tax credit recognized for the three months ended March 31, 2024 was upon the Company's eligibility for SME relief. However, at the time of preparing its financial statements for the year ended December 31, 2024 the Company was subsequently unable to determine, with certainty, if any relationships existed that would cause the Company to be defined as a large company and ineligible for SME relief. Absent such certainty, within those financial statements, the Company recognized tax relief solely based on the RDEC scheme. As a result, the income tax credit for the three months ended March 31, 2024 was reversed within the financial statements for the year ended December 31, 2024.

Management has since determined that the transactions contemplated under the Investment Agreement on December 23, 2024, do not result in the presence of any linked or partner companies that would otherwise cause the Company to be defined as a large company and therefore the three months ended March 31, 2025 includes £13,700 thousand claimed, but not yet received, relating to eligible research and development expenditure incurred in the previous year, ending December 31, 2024, which includes the three months ending March 31, 2024, in addition to £2,770 thousand recognized relating to eligible research and development expenditure incurred in the current period.

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 March 31, 2025 reporting period and have not been early adopted by us and our subsidiaries. These standards are not expected to have a material impact on us in the current or future reporting periods or in connection with foreseeable future transactions. Please see note 2 to our unaudited condensed consolidated interim financial statements included elsewhere in this filing.

B. Liquidity and Capital Resources

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

We have incurred net losses since inception and to date have not generated any revenue from the design, development, manufacturing, engineering and sale or distribution of electric aircraft. Commensurate with being in the development phase of our journey to commercialization of the VX4, we have invested heavily in research to support the development of our aircraft. As of March 31, 2025, we had £ 66.8 million of cash and cash equivalents on hand. As of the date of this report, we had approximately £61 million of cash and cash equivalents on hand. We maintain cash balances with financial institutions in excess of insured limits. We have prepared a cash flow forecast and have considered our ability to continue as a going concern for the foreseeable future, being at least 12 months following the date of this filing. In accordance with our cash flow forecast, we currently project our cash outflows from operations for the 12 months following the date of this filing to be approximately £90 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 into, but no longer than, the fourth quarter of 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.

In January 2025 we launched a funding round consisting of the Company's public offering of 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, for aggregate gross proceeds of \$90 million, before deducting underwriting discounts and commissions and other offering expenses, which closed on January 24, 2025 (the "2025 Offering"), and which amount included \$25 million non-contingent funding previously committed from Mudrick Capital.

Our ability to continue as a going concern is highly dependent on our ability to secure funds from additional funding rounds in 2025 to finance ongoing operations. We are committed to continue to raise additional funds and may seek to issue further equity in doing so. We plan to raise additional funds over the course of the next twelve months, however 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 unaudited condensed consolidated interim financial statements included elsewhere in this filing.

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

- research and development expenses as we continue to develop our eVTOL aircraft;
- 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.

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.

The Convertible Senior Secured Notes Indenture contains a covenant requiring us to maintain a minimum cash balance of at least \$10 million at all times. We project that we 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 we do not have sufficient funds to repay.

In addition, as at March 31, 2025 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, expiring in August 2025, 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 Agreement. 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 4,000,000 Convertible Notes Warrants (with 10 such warrants exercisable for one ordinary share of the Company). 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 (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. As of March 31, 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, 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.

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 March 31, 2025, 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”) & U.K. Research and Innovation (“UKRI”) Grant Funding Programs

VAGL is the recipient of an ATI grant from the U.K. Government totaling up to £14.3 million from the U.K.’s announced aggregate investment of £113 million in hydrogen and all-electric flight technologies across all grant recipients. This grant is being drawn down in installments over the duration of the project, which is expected to continue through 2025. As of March 31, 2025, we received approximately £5.5 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 university partners, 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 March 31, 2025, we have received approximately £1.0 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 concluded on March 31, 2025. 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 includes, among other things, that the UKRI funding will contribute only 60% of the Company's eligible costs in connection with the project. As of March 31, 2025, 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 March 31, 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 (the "SF Investment Agreement"), 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.

Shareholders Rights

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 by the Company, including pre-emptive rights for Mudrick Capital and Stephen Fitzpatrick to maintain their respective ownership percentages of the Company for so long as Mudrick Capital and its affiliates or Mr. Fitzpatrick and his affiliates maintain at least a 20% or 3% beneficial ownership position, respectively, with customary exclusions for acquisitions and issuances to employees and directors.

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 filing, 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.

	Three Months Ended March 31,	
	2025	2024
	(in £ thousands)	
Net cash used in operating activities	(20,620)	(19,434)
Net cash from investing activities	596	210
Net cash from financing activities	67,173	19,332

Net cash used in operating activities

Net cash used in operating activities increased by £1,186 thousand, or 6%, from £19,434 thousand for the three months ended March 31, 2024 to £20,620 thousand for the three months ended March 31, 2025. This increase was primarily due to the reduced receipts from government grants during the period.

Net cash from investing activities

Net cash from investing activities increased by £386 thousand, or 184%, from £210 thousand for the three months ended March 31, 2024 to £596 thousand for the three months ended March 31, 2025. This increase was primarily due to the fewer acquisitions of property, plant and equipment during the period.

Net cash from financing activities

Net cash from financing activities increased by £47,841 thousand, or 247%, from £19,332 thousand for the three months ended March 31, 2024 to £67,173 thousand for the three months ended March 31, 2025. This increase was primarily due to proceeds from the 2025 Offering that closed on January 24, 2025.

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 March 31, 2025, 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 within our Annual Report. For information regarding our lease obligations, refer to note 17 to our consolidated financial statements included within our Annual Report.

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

For a discussion of our research and development and intellectual property activities, see “*Research and Development*” and “*Intellectual Property*” in Item 4.B. of our Annual Report and note 2 to our consolidated financial statements included within our Annual Report.

D. Trend Information

Other than as disclosed above and elsewhere in this filing, we are not aware of any trends, uncertainties, demands, commitments or events during the three months ended March 31, 2025 that are reasonably likely to have a material adverse effect on our revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E. Critical Accounting Estimates

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

Forward-Looking Statements

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

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

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

- Our limited operating history and that we have not yet manufactured any non-prototype aircraft or sold any aircraft to eVTOL aircraft customers;
- Our business plans require a significant amount of capital and we may not be able to raise additional funds when we need or want them, or at all, to fund our operations, which could force us to curtail or even cease our planned operations and the pursuit of our growth strategy;
- Our limited cash and cash equivalents, recurring losses from operations and dependency on raising additional capital indicate that a material uncertainty exists that may cast significant doubt (or substantial doubt as contemplated by PCAOB standards) regarding our ability to continue as a going concern;
- If we are unable to produce, certify or launch aircraft in the volumes or timelines projected;
- Our aircraft may not perform at the level we expect and may potentially have defects;
- Our dependence on our partners and suppliers for the components in our aircraft and for our operational needs;
- Being an early-stage company with a history of losses, we expect to incur significant expenses and continuing losses in the foreseeable future;
- Our markets are still in relatively early stages of growth, and such markets may not continue to grow, grow more slowly than we expect or fail to grow as large as we expect;
- Any accidents or incidents involving eVTOL aircraft developed by us or our competitors could harm our business;

- Our eVTOL aircraft may not be certified by transportation authorities for production and operation within any projected timeline, or at all;
- All of the pre-orders we have received for our aircraft are conditional and may be terminated at any time by either party and any pre-delivery payments may be fully refundable upon certain circumstances;
- Our business has grown rapidly and expects to continue to grow significantly, and any failure to manage that growth effectively could harm our business;
- Our dependence on recruiting and retaining our senior management team and other highly skilled personnel;
- We previously identified material weaknesses in our internal controls over financial reporting, which if we fail to properly remediate, could adversely affect our results of operations, investor confidence in us and the market price of our ordinary shares; and
- The other matters described in the section entitled “Risk Factors” in our Annual Report on Form 20-F for the year ended December 31, 2024.

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

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

Vertical Aerospace Ltd**Unaudited Condensed Consolidated Interim Financial Information for the three months ended March 31, 2025 and March 31, 2024****Contents**

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Vertical Aerospace Ltd

Unaudited Condensed Consolidated Interim Statements of Income and Comprehensive Income

	Note	3 months ended March 31,	
		2025 £ 000	2024 £ 000
Research and development expenses	4	(11,217)	(13,984)
Administrative expenses	4	(9,489)	(9,467)
Related party administrative expenses	4	(94)	(21)
Other operating (expense)/income	6	(6,092)	2,591
Operating loss		(26,892)	(20,881)
Finance income	8	10,070	561
Finance costs	8	(69)	(11,112)
Related party finance income	8	396,146	-
Net finance income/(costs)	8	406,147	(10,551)
Profit/(loss) before tax		379,255	(31,432)
Income tax credit	7	16,470	2,571
Net profit/(loss) for the period		395,725	(28,861)
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss</i>			
Foreign exchange translation differences		(4,076)	1,401
Total other comprehensive (loss)/income for the period		(4,076)	1,401
Total comprehensive income/(loss) for the period		391,649	(27,460)
		£	£
Basic earnings/(loss) per share	9	5.08	(1.51)
Diluted earnings/(loss) per share	9	(0.00)	(1.51)

For the three months ended March 31, 2025, potential ordinary shares have been treated as dilutive, as their inclusion in the diluted earnings per share calculation decreases earnings per share. For the three months ended March 31, 2024, potential ordinary shares are anti-dilutive, as their inclusion in the diluted loss per share calculation would reduce the loss per share and hence have been excluded.

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

Vertical Aerospace Ltd
Unaudited Condensed Consolidated Interim Statements of Financial Position

	Note	March 31, 2025 £ 000	December 31, 2024 £ 000
Non-current assets			
Property, plant and equipment		2,905	3,078
Right of use assets		2,276	1,969
Intangible assets		76	132
		<u>5,257</u>	<u>5,179</u>
Current assets			
Trade and other receivables	11	28,821	18,297
Restricted cash		1,700	1,700
Cash and cash equivalents		68,803	22,556
		<u>99,324</u>	<u>42,553</u>
Total assets		104,581	47,732
Equity			
Share capital	10	67	55
Other reserves	10	119,714	99,299
Treasury share reserve	10	(803)	(803)
Share premium	10	598,468	554,391
Accumulated deficit		(756,502)	(1,152,283)
Total shareholders' deficit		(39,056)	(499,341)
Non-current liabilities			
Lease liabilities		1,669	1,620
Provisions		404	620
Trade and other payables	12	3,873	3,991
		<u>5,946</u>	<u>6,231</u>
Current liabilities			
Financial liabilities at fair value through profit and loss	14	122,096	524,242
Lease liabilities		690	581
Warrant liabilities	13	448	434
Trade and other payables	12	14,457	15,585
		<u>137,691</u>	<u>540,842</u>
Total liabilities		143,637	547,073
Total equity and liabilities		104,581	47,732

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

Vertical Aerospace Ltd
Unaudited Condensed Consolidated Interim Statements of Cash Flows

	Note	3 months ended March 31,	
		2025 £ 000	2024 £ 000
Cash flows from operating activities			
Net profit/(loss) for the period		395,725	(28,861)
Adjustments to cash flows from non-cash items			
Depreciation and amortization	4	270	542
Depreciation on right of use assets	4	158	169
Net finance (income)/costs	8	(10,001)	10,551
Related party finance income	8	(396,146)	-
Share based payment transactions	5	1,144	1,929
Income tax credit		(16,470)	(2,571)
		(25,320)	(18,241)
Working capital adjustments			
Decrease/(increase) in trade and other receivables	11	5,946	(3,079)
(Decrease)/increase in trade and other payables	12	(1,246)	1,886
Net cash flows used in operating activities		(20,620)	(19,434)
Cash flows from investing activities			
Acquisitions of property, plant and equipment		(42)	(343)
Interest received		638	553
Net cash flows from investing activities		596	210
Cash flows from financing activities			
Proceeds from share issuance	10	34,235	-
Proceeds from issues of warrants	10	18,032	-
Proceeds from issues of shares to related party	10	12,986	15,629
Proceeds from issues of warrants to related party	10	6,840	3,907
Transaction costs on issuance of equity instruments	10	(4,607)	-
Payments to lease creditors		(313)	(204)
Net cash flows generated from financing activities		67,173	19,332
Net increase in cash at bank		47,149	108
Cash at bank, beginning of the period		22,556	48,680
Effect of foreign exchange rate changes		(902)	(15)
Cash at bank, end of the period		68,803	48,773

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

Vertical Aerospace Ltd
Unaudited Condensed Consolidated Interim Statements of Changes in Equity

	Note	Share capital £ 000	Share premium £ 000	Other reserves £ 000	Accumulated deficit £ 000	Total £ 000
At January 1, 2024		17	257,704	86,757	(394,257)	(49,779)
Loss for the period		-	-	-	(28,861)	(28,861)
Translation differences		-	-	1,401	-	1,401
Total comprehensive loss		-	-	1,401	(28,861)	(27,460)
Share based payment transactions	5	-	-	1,804	-	1,804
Share issuance to related party	10, 16	-	15,629	-	-	15,629
Issuance of warrants to related party	10, 16	-	-	3,907	-	3,907
Transfer of reserves		-	-	(401)	401	-
At March 31, 2024		17	273,333	93,468	(422,717)	(55,899)

	Note	Share capital £ 000	Share premium £ 000	Treasury share reserve £ 000	Other reserves £ 000	Accumulated deficit £ 000	Total £ 000
At January 1, 2025		55	554,391	(803)	99,299	(1,152,283)	(499,341)
Profit for the period		-	-	-	-	395,725	395,725
Translation differences		-	-	-	(4,076)	-	(4,076)
Total comprehensive income		-	-	-	(4,076)	395,725	391,649
Share based payment transactions	5	-	-	-	1,329	-	1,329
Share issuance	10	9	34,226	-	-	-	34,235
Issuance of warrants	10	-	-	-	18,032	-	18,032
Share issuance to related party	10, 16	3	12,982	-	-	-	12,985
Issuance of warrants to related party	10, 16	-	-	-	6,840	-	6,840
Transaction costs on issuance of equity instruments		-	(3,142)	-	(1,654)	-	(4,796)
Exercise of options		-	11	-	-	-	11
Transfer of reserves		-	-	-	(56)	56	-
At March 31, 2025		67	598,468	(803)	119,714	(756,502)	(39,056)

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

Vertical Aerospace Ltd

Notes to the Unaudited Condensed Consolidated Interim Financial Information

1 General information

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

These financial statements were authorized for issue by the Company's Audit Committee, pursuant to delegated authority by the Board of Directors, on May 12, 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

Basis of preparation

This unaudited condensed consolidated interim financial report for the three-month reporting period ended March 31, 2025 has been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), applicable to the preparation of interim financial statements, IAS 34 Interim Financial Reporting.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended December 31, 2024.

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

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

Items included in the unaudited condensed consolidated interim financial report are measured using the currency of the primary economic environment in which the entity and its subsidiaries operate ('the functional currency'). The financial information is presented in pounds sterling (£ or 'GBP'), which is the Group's presentation currency, and all amounts are presented in and rounded to the nearest thousand unless otherwise indicated. Cumulative translation adjustments resulting from translating foreign functional currency financial statements into GBP are reported within other reserves.

Basis of consolidation

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

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information

2 Material accounting policies (continued)

Going Concern

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

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 March 31, 2025, the Group had £68.8 million of cash and cash equivalents on hand and a net shareholders' deficit of £39.1 million. As at the date of this report, the Group had approximately £61 million of cash and cash equivalents on hand.

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 issuance of this financial information, the Group had approximately £61 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 this financial information to be approximately £90 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 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 information 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.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the unaudited condensed consolidated interim financial information 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 financial information and the reported amounts of expenses during the reporting period.

The Company's most significant estimates relate to the 2025 Offering in addition to the valuations of financial liabilities at fair value through profit and loss, including the Convertible Senior Secured Notes. The Company's most critical judgments relate to the research and development tax relief.

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.

For accounting periods beginning before April 1, 2024, HM Revenue & Customs administered 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.

A merged RDEC and an enhanced R&D intensive support ("ERIS") scheme replaced the old RDEC and SME schemes for accounting periods beginning on or after April 1, 2024.

Enhanced intensive support is available to loss-making R&D intensive SMEs, with the definition of a large company is based on staff, turnover and balance sheet measures, and includes that of any linked or partner companies.

Management has concluded that the Company itself does not meet the definition of a large Company and has determined that the transactions contemplated under the Investment Agreement on December 23, 2024, do not result in the presence of any linked or partner companies that would otherwise cause the Company to be defined as a large company. The Company has recognized relief under the ERIS scheme. Please see note 7 for further details.

A company is considered R&D intensive where its qualifying R&D expenditure is 30% 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 Unaudited Condensed Consolidated Interim Statements of Income and 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.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty relating to the 2025 Offering

On January 24, 2025, upon closing of the 2025 Offering, 15 million Ordinary Shares plus 7.5 million Tranche A warrants and 7.5 million Tranche B warrants, were contemporaneously issued to the same counterparties. Gross proceeds of the 2025 Offering totalled \$90 million, before deducting underwriting discounts and commissions and other offering expenses.

In instances where multiple financial instruments are issued together, the proceeds received are required to be allocated to each instrument to establish its initial carrying amount. Management has undertaken independent issuance-date estimates of fair value for each freestanding instruments issued as part of the “bundled transaction”.

Warrants issued as part of the 2025 Offering are separately exercisable (i.e., the exercise of the warrants would not result in the termination of the ordinary shares the warrants may have been issued with) and are therefore considered to be freestanding.

Management has determined that the warrants issued meet the requirements to be classified as equity and therefore are not subsequently measured at fair value. Because ongoing fair value measurement is not required for either instrument issued, the proceeds have been allocated to each financial instrument based on the respective instrument’s proportionate fair value.

The Company utilises a Black-Scholes-Merton model as its “fixed-for-fixed” fair value option model, with inputs shown below:

	Tranche A warrants	Tranche B warrants
Share price (\$)	5.60	5.60
Strike price (\$)	6.00	7.50
Risk free rate (%)	4.40	4.40
Time to maturity (years)	1.6	5.0
Dividend yield (%)	-	-
Volatility (%)	85.00	85.00

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 Company has utilised a probability weighted approach when determining the appropriate time to maturity for the Tranche A warrants, reflecting the likelihood that the above-mentioned conditions occur or are accomplished prior to the five-year anniversary of the date of issuance.

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.

A resultant fair value of \$2.29 per whole tranche A warrant and \$3.61 per whole tranche B warrant has been derived. The fair value of ordinary shares has been derived using the reference share price upon closing of the 2025 Offering, being \$5.60 per share. Please see note 10 for further details.

With the exception of the above, in preparing these unaudited condensed consolidated interim financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2024.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

4 Expenses by nature

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

	3 months ended March 31,	
	2025	2024
	£ 000	£ 000
Research and development staff costs (excluding share-based payment expenses)	6,988	5,836
Research and development consultancy	1,932	3,139
Research and development components, parts and tooling	2,297	5,009
Total research and development expenses	11,217	13,984
Administrative staff costs (excluding share-based payment expenses)	2,855	2,356
Share based payment expenses (note 5)	1,144	1,929
Consultancy costs	616	629
Legal and financial advisory costs	718	1,054
HR advisory and recruitment costs	195	120
IT hardware and software costs	1,861	1,588
Insurance expenses	586	119
Marketing costs	152	78
Premises expenses	488	578
Depreciation expense	214	269
Amortization expense	56	273
Depreciation on right of use property assets	158	169
Other administrative expenses	446	305
Total administrative costs	9,489	9,467
Related party administrative expenses	94	21
Total administrative and research and development expenses	20,800	23,472

Staff costs relate primarily to salary and related expenses, including social security and pension contributions, but excluding share-based payments. Please see note 5 for further details.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

5 Share-based payments

The Group has established two employee option plans. The EMI Scheme (closed to employees during 2021) and the 2021 Incentive Plan (implemented in 2022).

For more information about the option plans, please refer to the Group's annual financial statements for the year ended December 31, 2024.

The total expense recognised by the company during the period in respect of these plans is shown below:

	March 31, 2025 £'000	March 31, 2024 £'000
2021 Incentive plan	1,107	1,788
Enterprise Management Initiative	37	141
	1,144	1,929

A summary of options granted under the plans is show below:

	March 31, 2025		December 31, 2024	
	Number	Average exercise price (£)	Number	Average exercise price (£)
2021 Incentive Plan				
Outstanding, start of period	1,171,210	0.91	998,598	1.20
Granted during the period	2,243,384	0.09	397,803	0.40
Exercised during the period	(440)	-	(128,369)	-
Forfeited during the period	(10,464)	2.47	(96,822)	2.97
Outstanding, end of period	3,403,690	0.36	1,171,210	0.91

The number of options which were exercisable at March 31, 2025 was 822,046 (December 31, 2024: 380,763) with exercise prices ranging from £nil to £9.30 (December 31, 2024: £nil to £8.95). Options exercised during the period related solely to nil-cost options.

	March 31, 2025		December 31, 2024	
	Number	Average exercise price (£)	Number	Average exercise price (£)
EMI Scheme				
Outstanding, start of period	945,429	2.20	1,170,231	2.50
Granted during the period	-	-	-	-
Exercised during the period	(6,184)	1.80	-	-
Forfeited during the period	(1,522)	11.00	(224,802)	3.80
Outstanding, end of period	937,723	2.20	945,429	2.20

The number of options which were exercisable at March 31, 2025 was 672,771 (December 31, 2024: 635,240) with exercise prices ranging from £1.78 to £11.15 (December 31, 2024: £1.84 to £11.49).

Notes to the Unaudited Condensed Consolidated Interim Financial Information

6 Other operating (expense)/income

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

	3 months ended March 31,	
	2025	2024
	£ 000	£ 000
Government grants	1,455	2,217
R&D Expenditure Credit ("RDEC")	(7,553)	374
Other	6	-
	(6,092)	2,591

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.

7 Income tax credit

The Company recognizes R&D tax relief relating to the RDEC scheme within Other operating income, and R&D tax relief under both the small and medium-sized enterprise ("SME") scheme and its successor enhanced R&D intensive support ("ERIS") scheme within Income tax credit, as shown below:

	3 months ended March 31,	
	2025	2024
	£ 000	£ 000
Enhanced R&D intensive support	2,770	-
Small and medium-sized Enterprise scheme	-	2,571
Adjustments for R&D tax relief of prior periods	13,700	-
	16,470	2,571

For accounting periods beginning before April 1, 2024, HM Revenue & Customs administered two such tax relief schemes: one aimed at SMEs, and the RDEC scheme, aimed at large companies and other companies that aren't eligible for SME relief.

A merged RDEC and an ERIS scheme replaced the old RDEC and SME schemes for accounting periods beginning on or after April 1, 2024.

At the time of preparing its financial statements for the year ended December 31, 2024, the Company was unable to determine, with certainty, if any relationships existed that would cause the Company to be defined as a large company and ineligible for SME relief. Absent of such certainty, within those financial statements, the Company recognized tax relief solely based on the RDEC scheme.

Management has since determined that the transactions contemplated under the Investment Agreement on December 23, 2024, do not result in the presence of any linked or partner companies that would otherwise cause the Company to be defined as a large company and therefore the three months ended March 31, 2025 reflects the reversal of tax relief previously recognized under the RDEC scheme of £7,553 million, with £13,700 subsequently claimed, but not yet received, under the SME scheme (and reported within Income tax credit).

Notes to the Unaudited Condensed Consolidated Interim Financial Information

8 Finance income/(costs)

	3 months ended March 31,	
	2025 £ 000	2024 £ 000
Interest income on deposits	634	554
Foreign exchange gain	9,436	-
Other	-	7
Total finance income	10,070	561
Fair value movements on financial liabilities at fair value through profit and loss (note 14)	-	(4,075)
Fair value movements on warrant liabilities (note 13)	(28)	(304)
In-kind interest on financial liabilities at fair value through profit and loss (note 14)	-	(4,231)
Foreign exchange loss	-	(2,460)
Interest expense on leases	(37)	(42)
Other	(4)	-
Total finance costs	(69)	(11,112)
Fair value movements on financial liabilities at fair value through profit and loss (note 14)	399,123	-
Total related party finance income	399,123	-
In-kind interest on financial liabilities at fair value through profit and loss (note 14)	(2,977)	-
Total related party finance costs	(2,977)	-
Net related party finance income	396,146	-
Net finance income/(costs)	406,147	(10,551)

9 Earnings/(loss) per share

Basic earnings per share is calculated by dividing the profit or loss for the period by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by adjusting the profit or loss for the period and the weighted average number of ordinary shares in issue during the period to assume the conversion of all dilutive potential ordinary shares.

The Company has one category of dilutive potential ordinary shares, being those issuable upon conversion of the Convertible Senior Secured Notes, which for the purposes of diluted earnings per share, have been assumed to be issued at the beginning of the period.

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 a proportional increase in the par value of such ordinary shares, in each case in accordance with the reverse stock split ratio. All share and per share amounts in these condensed consolidated financial statements and related notes hereto have been retrospectively adjusted to account for the effect of the reverse stock split.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

9 Earnings/(loss) per share (continued)

The calculation of earnings/(loss) per share is based on the following data:

	3 months ended March 31,	
	2025	2024
	£ 000	£ 000
Net profit/(loss) for the period for basic earnings per share	395,725	(28,861)
<i>Adjustment for calculation of diluted earnings per share:</i>		
Fair value movements on financial liabilities at fair value through profit and loss	(399,123)	-
In-kind interest on financial liabilities at fair value through profit and loss	2,977	-
Net loss for the period for diluted earnings per share	(421)	(28,861)
	No. of shares	No. of shares
Weighted average issued shares for basic earnings per share	77,837,986	19,156,828
<i>Adjustment for calculation of diluted earnings per share:</i>		
Financial liabilities at fair value through profit and loss	37,198,531	-
Weighted average issued shares for diluted earnings per share	115,036,517	19,156,828
	£	£
Basic earnings/(loss) per share	5.08	(1.51)
Diluted earnings/(loss) per share	(0.00)	(1.51)

For the three months ended March 31, 2025, potential ordinary shares have been treated as dilutive, as their inclusion in the diluted earnings per share calculation decreases earnings per share. For the three months ended March 31, 2024, potential ordinary shares are anti-dilutive, as their inclusion in the diluted loss per share calculation would reduce the loss per share and hence have been excluded.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

10 Share capital and reserves

	March 31, 2025		December 31, 2024	
	No.	£	No.	£
Allotted, called up and fully paid:				
Ordinary of \$0.001 each	84,602,721	66,773	69,542,515	54,753
	84,602,721	66,773	69,542,515	54,753

Ordinary shares (other than shares held in treasury) have full voting rights, full dividend rights. Treasury shares totalling 140,000 are excluded as at March 31, 2025 (December 31, 2024: 140,000). The Company is authorized to issue 200,000,000 ordinary shares.

During the period 15,060,206 ordinary shares were issued as shown below:

	Shares issued No.	Share capital issued £	Proceeds received £ 000	Premium arising £ 000
2025 Offering	15,000,000	11,972	44,203	44,066
2021 Incentive Plan	54,022	43	-	-
EMI Scheme	6,184	5	11	11
	15,060,206	12,020	44,214	44,077

Nature and purpose of other reserves

	March 31, 2025 £ 000	December 31, 2024 £ 000
Share based payment reserve	28,346	27,073
Warrant reserve	36,693	13,475
Merger reserve	54,841	54,841
Foreign currency translation reserve	(166)	3,910
	119,714	99,299

The share-based payments reserve is used to recognize the grant date fair value of options issued to employees but not exercised.

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'). As part of the 2025 Offering, 7.5 million Tranche A warrants and 7.5 million Tranche B warrants were issued on January 24, 2025, resulting in £23,553 thousand (\$28,984 thousand) being recognised within the warrant reserve.

The merger reserve is used to reflect any difference between the consideration and the book value of net assets acquired as part of a business combination.

The translation reserve arises upon the retranslation of overseas subsidiaries and the Company's USD denominated balances in consolidated financial statements.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

11 Trade and other receivables

	March 31, 2025 £ 000	December 31, 2024 £ 000
R&D tax relief receivable	17,607	8,686
Government grants and VAT receivable	4,283	4,349
Prepayments	6,321	4,576
Other receivables	610	634
Amounts due from related party	-	52
	28,821	18,297

Included within R&D tax relief receivable is £1,133 thousand for R&D tax relief claimed under the RDEC scheme (December 31, 2024: £8,686 thousand); £2,770 thousand recognised under the ERIS scheme (December 31, 2024: £nil); and £13,704 thousand claimed under the SME scheme (December 31, 2024: £nil).

Expected credit losses were not significant in 2025 or 2024. For more information on the Group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables please refer to the Group's annual financial statements for the year ended December 31, 2024.

12 Trade and other payables

Amounts falling due within one year:

	March 31, 2025 £ 000	December 31, 2024 £ 000
Trade payables	6,714	5,444
Accrued expenses	6,379	7,354
Amounts due to related parties	-	1,900
Social security and other taxes	1,021	879
Outstanding defined contribution pension costs	343	8
	14,457	15,585

Amounts falling due after more than one year:

	March 31, 2025 £ 000	December 31, 2024 £ 000
Deferred fees and charges	3,873	3,991

For more information on the Group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables please refer to the Group's annual financial statements for the year ended December 31, 2024.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

13 Warrants

Warrant liability at fair value through profit and loss

The following warrants are in issue but not exercised:

	March 31, 2025	December 31, 2024
	No.	No.
Public Warrants	15,264,935	15,264,935
Convertible Notes Warrants	4,000,000	4,000,000
Outstanding, end of period	19,264,935	19,264,935

Recorded as a liability, the following shows the change in fair value during the period ended March 31, 2025:

Change in fair value during the period	£ 000
December 31, 2024	434
Change in fair value	28
Exchange differences on translation	(14)
March 31, 2025	448

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.

Warrants recognized within equity

The following warrants (and options) are in issue but not exercised:

	Warrants and options in issue		Warrant reserve	
	March 31, 2025	December 31, 2024	March 31, 2025	December 31, 2024
	No.	No.	£ 000	£ 000
Tranche A Warrants	7,500,000	-	9,006	-
Tranche B Warrants	7,500,000	-	14,211	-
SF Warrants	50,000,000	50,000,000	3,907	3,907
Virgin Atlantic Warrants	2,625,000	2,625,000	8,558	8,558
MWC Option	2,000,000	2,000,000	1,010	1,010
Outstanding, end of period	69,625,000	54,625,000	36,692	13,475

Notes to the Unaudited Condensed Consolidated Interim Financial Information

13 Warrants (continued)

The public Tranche A Warrants and Tranche B Warrants were 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 \$7.50 respectively.

The private SF Warrants were 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.

The initial Virgin Atlantic Warrants were 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.

Additionally, on December 16, 2021, Marcus Waley-Cohen was awarded 2,000,000 private options, with 10 such options exercisable for one ordinary share of the Company at an exercise price of \$115.00.

These warrants and options meet the fixed-for-fixed criterion and are therefore recognised within other reserves until the point of exercise. The amount classified to other reserves on initial recognition reclassified to share capital and share premium upon exercise.

14 Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss consists of the following Convertible Senior Secured Notes:

	Mudrick £ 000
As at December 31, 2024	524,242
Fair value movements	(399,123)
In-kind interest paid and accrued	2,977
Exchange differences on translation	(6,000)
As at March 31, 2024	122,096

Initial recognition

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"). 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.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

14 Financial liabilities at fair value through profit and loss (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 represented a substantial modification of the existing financial liabilities and was therefore accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, with the difference between the carrying amount of the original instrument and the fair value of the new financial liability recognized in profit or loss during the year ended December 31, 2024.

Subsequent measurement

Following the execution of the First Supplemental Indenture and during the year ended December 31, 2024, 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 March 31, 2025, 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 by granting fixed and floating charges over all of its assets.

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 March 31, 2025, cash at bank includes £7,746 thousand in accordance with the above covenant.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

15 Financial instruments

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

Financial liabilities at fair value through profit and loss:

	Carrying Value		Fair Value	
	March 31, 2025 £ 000	December 31, 2024 £ 000	March 31, 2025 £ 000	December 31, 2024 £ 000
Financial liabilities at fair value through profit and loss	122,096	524,242	122,096	524,242
Warrant liabilities	448	434	448	434
	122,544	524,676	122,544	524,676

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. Financial liabilities at fair value through profit and loss are categorized in level 3 of the fair value hierarchy.

The fair value of financial liabilities at fair value through profit and loss, which consist 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 March 31, 2025, was \$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 March 31, 2025, an estimated fair value of £122,096 thousand (December 31, 2024: £524,242 thousand) was calculated for the Convertible Senior Secured Notes, based on the following valuation inputs:

	March 31, 2025	December 31, 2024
Share price (\$)	3.36	12.58
Conversion price (\$)	3.50	3.50
Interest rate (%)	12.00	12.00
Credit spread (%)	42.50	40.64
Expected life (years)	3.75	4.00
Dividend yield (%)	-	-
Volatility (%)	85.00	85.00

Vertical Aerospace Ltd

Notes to the Unaudited Condensed Consolidated Interim Financial Information

15 Financial instruments (continued)

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 million based upon the arms' length transaction closing as of December 15, 2021, subsequently adjusted for company-specific credit risk.

For more information about the Convertible Senior Secured Notes, please refer to the Group's annual financial statements for the year ended December 31, 2024.

16 Related party transactions

Key management personnel compensation

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

	March 31, 2025 £ 000	March 31, 2024 £ 000
Salaries and other short term employee benefits	354	218
Payments to defined contribution pension schemes	5	-
Share-based payments	833	654
	<u>1,192</u>	<u>872</u>

Aggregate gains made on the exercise of share options for the Directors during the period totalled £nil (March 31, 2024: £nil thousand).

Summary of transactions with other related parties

On January 14, 2025, Dómhnaíl Slattery was appointed as a member of the Board of Directors and chairman of the Board, replacing Stephen Welch.

On January 14, 2025, Vincent Casey resigned as a member of the Board of Directors and, on January 30, 2025, Stephen Fitzpatrick resigned as a member of the Board of Directors.

Subsequent to the period end, on April 30, 2025, Gur Kimchi resigned as a member of the Board of Directors and Kris Haber was appointed as a member of the Board of Directors.

Subsequent to the period end, on May 6, 2025, Kathy Cassidy notified the Board of her resignation as a member of the Board of Directors, with effect from May 14, 2025, and James Keith Brown and Poul Carsten Stendevad were appointed as members of the Board of Directors, with effect from May 14, 2025.

On January 24, 2025, a total of 360,245 share options were awarded to Stuart Simpson, vesting on a quarterly basis until March 31, 2028, and 814,700 share options were awarded to Dómhnaíl Slattery was awarded, vesting on a quarterly basis until December 31, 2028.

Additionally, during the three-month period ended March 31, 2025, a total of 27,662 share options and restricted stock units were awarded to other independent members of the Board of Directors.

Both Stuart Simpson's and Dómhnaíl Slattery's engagements with the Company include anti-dilution provisions, pursuant to which, subject to their continued service with the Company, should their respective award represent less than 2.4% and 1% of the Company's issued and outstanding ordinary shares (excluding Earn Out Shares) respectively, the Company will grant further nil-cost options such that Stuart Simpson's and Dómhnaíl Slattery's respective holding (excluding any sold, transferred or other disposed shares) remains 2.4% and 1% of the Company's then issued and outstanding ordinary shares respectively.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

16 Related party transactions (continued)

Summary of relationship with Mudrick Capital

During the three-month period ended March 31, 2025, the Company recognized fair value gains totalling £399,123 thousand and interest charges of £2,977 thousand in relation to Convertible Senior Secured Notes.

On January 24, 2025, the Company closed 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.

Summary of relationship with Stephen Fitzpatrick

On January 24, 2025, the Company's closed its 2025 Offering in which Stephen Fitzpatrick did not elect to participate. Accordingly, Stephen Fitzpatrick retains the 12-month option to purchase up to \$25 million units (with each unit consisting of one Ordinary Share plus one-half of a Tranche A warrant and one-half of a Tranche B warrant) at a strike price equal to the per unit purchase price paid by investors in the 2025 Offering (being \$6 per unit).

In the first three months of 2025, Imagination Industries Investments Ltd, a company controlled by Stephen Fitzpatrick provided and charged the Group with services totalling £94 thousand (2024: £21 thousand), of which no amounts remained outstanding as at March 31, 2025 (March 31, 2024: £21 thousand).