NS Half-year/Interim Report

HALF-YEAR RESULTS

VELOCITY COMPOSITES PLC
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VELOCITY COMPOSITES PLC

("Velocity", the "Company", the "Group")

Unaudited Half Year Results for the six months ended 30 April 2024

On track to achieve profitability and be cash generative in H2 FY24

Velocity Composites plc (AIM: VEL), the leading supplier of composite material kits to aerospace, is pleased to announce the Company's unaudited results for the six months ended 30 April 2024.

Financial Highlights:

- Revenue increased 53.9% to £10.7m (2023: £7.0m) with UK sales up 4% and a £3.6m contribution from the US as programmes continue to transfer and ramp up
- Gross margin was 22.5% (2023: 21.8%) with UK margins slightly lower and US margins benefitting from increasing site utilisation as the programmes transfer
- EBITDA loss of £0.2m (2023: £0.9m loss)
- Loss before tax of £1.1m (2023: £1.4m loss)
- Cash at bank as at 30 April 2024 of £1.8m (30 April 2023: £1.2m)
- Net cash of £0.6m (H1 FY23: net debt of £1.7m)
- UK invoice discounting facility of £3m is undrawn

Operating Highlights:

- As announced on 11 March 2024, the Company received OEM approval for phase 4 of the First Article Inspection ("FAI") process. As at 22 May 2024, Velocity has completed FAIs which enable the Company to satisfy 91% of FY24 US revenue and 85% of FY25 US revenue, with the remainder expected to be completed in FY24. This supports the £79m in revenue expected under this US Contract over the five years from 1January 2024.
- Robert (Rob) Smith was appointed to the Board as Group Chief Financial Officer (CFO) and Company Secretary, on 3 June 2024.

Outlook:

- Group guidance for FY24 remains unchanged, with H2 revenue attributable to inflationary price rises for existing contracts taking effect and production rates increasing in the US facility.
- In line with previous guidance, Company expects to be profitable and cash generative in H2 FY24 underpinned by contracted revenues for FY24 of £27m (FY23: £16.4m) growing to £33m in FY25.
- OEMs continue to announce increases in long term production rates. For example, Airbus 350 rates are set to double for 2028.
- Price increases continue to be agreed to reflect previous cost increases and these are expected to be in balance by end of FY24, along with extensions in UK customer agreements.
- US demand on current contracts continues to be strong with the potential to exceed the original $20m expectation in FY25.
- Issues at Boeing and its supply chain have had no impact on the Company's FY24 revenue or forecasts
- The Board is confident that it will meet market expectations for the full year.

Andy Beaden, Chairman, Velocity, said: "The successful onboarding process of our first US customer, and increasing global production rates in the aerospace industry mean that we are on track to be profitable and cash generative in the second half. The Board is confident that it will meet market expectations for the full year. The first US project is delivering the expected efficiency gains to the customer which acts as a show case for future large-scale projects. The industry trends of increasing use of composites to meet net zero targets, and greater outsourcing as manufacturers look to reduce costs means Velocity is primed for a successful future. We have a large, qualified pipeline of potential contracts in the US and Europe of £200m, which makes us excited about the Company's long-term prospects."

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About Velocity Composites plc

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

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

Chairman's Statement

Overview

The first six months has been one of further operational and financial progress. Group guidance for FY24 remains unchanged, with H2 revenue growing through increasing production rates on the US Contract, where we have substantially completed the extensive onboarding and approval processes of new business at our new facility in Alabama. H2 revenue has also benefited from price rises for existing contracts to recover the impact of cost inflation.

I am pleased to report that we are on track to be profitable and cash generative in the next six months underpinned by our contracted revenues for FY24 of £27m (FY23: £16.4m) growing to £33m in FY25.

Across the global aerospace industry, production rates continue to recover. Airbus has announced a doubling of A350 production rates through to 2027. The Company is continuing to work on securing additional contracts and has live bids in with customers in the US and in Europe. Although progress has slowed in some cases in the US due to the well-publicised issues with Boeing, these issues have no impact on the Company's contracted revenues for FY24 or FY25. The industry's biggest challenge is to now increase production rates in civil and military aircraft, to meet longer term demand. Back-logs on order books have grown and our services can support the need for sustainable and efficient production expansion at Tier 1 and OEM level. There is clear long-term demand for the productivity gains our services provide.

Velocity has a balanced pipeline of current and prospective contracts, civil and defence sectors, and is focusing on non-Boeing customer engagement in the short term in the US and winning additional business with existing European customers.

Financial Performance

Revenue during the period increased 53.9% to £10.7m (2023: £7.0m) as production rates have increased on the Company's initial major US contract. Price increases have been agreed with key customers and will provide greater benefit in the second half.

Gross Margin rose to 22.5% (2023: 21.8%). Investments in the new US facility in Alabama began to bear fruit. Margins will continue to improve in H2 with the benefit of inflationary price increases, to recover inflationary cost increases and the US volumes increasing further, which gives better recovery against fixed costs.

As planned, administrative expenses of £3.3m were 18% higher (£0.5m) than FY23 with all of the increase in cost relating to the higher US overheads and depreciation following the investment.

EBITDA loss was £0.2m (2023: loss of £0.9m), with the expectation that the Company will have positive EBITDA and Profit before tax in H2. The operating loss reduced, as the US production increased. In H1 there was still some impact of the lag in cost inflation versus price increases, we expect this to reverse in the remainder of the year.

The loss before tax reduced to £1.1m (2023: loss of £1.4m). This was reduced to £0.7m after recovery of the R&D tax credits. We remain on track to achieve an operating profit in H2.

Cash at bank as at 30 April 2024 was £1.8m (30 April 2023: £1.2m), with net cash of £0.6m (H1 FY23: net debt of £1.7m). US working capital has been supported by supply chain finance lines provided by our lead US customer, helping to provide the additional working capital required until profit from the US contract can fund working capital in the long term. In H2 we start the transition which will continue on a phased basis into FY25 to take on the direct purchase of raw material from suppliers in the US. The Company continues to have access to its invoice discounting facility in the UK of up to £3m which was undrawn at the half year and also holds debt relating to Coronavirus Business Interruption Loans of £1.2m (2023: £1.8m), which are being repaid by instalments with final amounts due in 2026.

US Contract

Velocity signed a five-year contract with expected revenue of £79 million ($100 million) in December 2022 (the "Contract") with a leading US manufacturer ("The Customer"). The Company was selected to improve efficiency and support increased production rates, building on Velocity's long-standing relationship with the Customer, which it also services across existing UK sites.

To deliver the Contract, the Company developed its first advanced manufacturing facility outside of the United Kingdom, a 40,000 sq. ft facility in Alabama. Velocity invested £3 million to develop the facility which has capacity to deliver $40 million revenue per annum.

Since completing the construction of the facility in Alabama in 2023, Velocity has been on-boarding the new business for the Contract. This is a complex and lengthy process, including a detailed qualification procedure known as First Article Inspection ("FAI"). The total project is split into a number of individual aircraft programme blocks, to be delivered sequentially within a 12-month transfer plan. The project involves close co-operation between Velocity and the Customer to verify that the kit engineering data for each block had been transferred accurately, followed by the manufacture of the first kit for each component manufactured for evaluation by the Customer. Once transferred, Velocity becomes the sole approved supplier of the kits. Only once each block completes the FAI process is Velocity then able to build towards full volume production.

Following a key OEM approval in March 2024, Velocity expects the FAI process to be fully complete for all the programme blocks by the end of FY2024. To date, Velocity has completed FAIs which enable the Company to satisfy 91% of FY24 US revenue and 85%% of FY25 US revenue.

It is encouraging to see that our UK sites have seen production rates start to rise, particularly around the newer programmes such as A350. With Kevin Hickey re-joining Velocity as Chief Operating Officer ("COO") last year, he has reviewed the operations structure needed for the future growth of the Company and made structural changes to deliver this. Each site now has a standard management structure focused on the Site Operations Manager role, leading teams with clearer, real-time performance management of safety, quality, cost, delivery and people to ensure each customer programme is operating in line with targeted levels. This not only brings stability and efficiency to existing customer programmes but provides the sound basis for expected growth.

Investment in Growth & Customer Proposition

Velocity continues to maintain the required investment to support its growth and R&D activities. The Company has been able to self-fund this through the pandemic, which suppressed short-term demand in the aerospace manufacturing sector, with the UK civil aerospace sector particularly hard hit.

This includes further development of the Company's TCO (total cost of ownership) Business Case process, which allows Velocity business development staff to accurately map the current, internal costs of customers in-house processes. This includes detailed breakdown of the key areas - raw material, labour resources, packaging and logistics, overheads and supply chain finance costs, and for them to be compared to Velocity's proposal forming a very thorough and proven business case document for review by senior stakeholders.

In addition, work has been done to develop the Company's customer proposition through investment in R&D. A new "Digital Manufacturing Cell" that enables further standardisation and automation of production is expected to be deployed in the second half of the year. It is likely to improve future gross margin through material and labour efficiencies. The Digital Cell combines with our composite tailored material planning technology, Velocity Resource Planning, or VRP. These technology hardware and software systems enable the efficiencies in our services to existing customers, in labour, materials and inventory levels, and feed back into future TCO business cases for new customers.

Board Changes

On 3 June 2024, we were delighted to welcome Robert (Rob) Smith to the Board as Group Chief Financial Officer (CFO) and Company Secretary. Rob is a chartered management accountant with significant experience in leadership roles in a number of AIM quoted technology companies, where he has been instrumental in leading growth strategies and improving operational efficiencies.

Rob has a proven track record in advanced manufacturing at both CFO and CEO level, including manufacturing systems implementation and international commercial leadership. Most recently Rob served as Group CFO at Biome Technologies plc and prior to that, in the CFO and CEO roles at Filtronic plc between 2014 and 2020, an electronics designer and manufacturer of advanced filters, antennas and transceivers. Rob was Finance Director of APC Technology Group, a specialist distributor and manufacturer of electronic components and semiconductor products with a focus on green technology industries between 2010 and 2014.

The Board would like to thank Andrew Hebb for his significant contribution as the Company's Interim Chief Financial Officer since August 2023.

Outlook

Velocity is benefiting from the long-term trend of increasing use of lightweight composite materials within modern aircraft to meet environmental targets. This trend is contributing to forecasts for the use of lighter-weight aircraft to grow by ten times over the next two decades. At the same time, OEMs are focusing on outsourcing to reduce costs. Velocity has first mover advantage on its turn-key package of services and is the only company to provide an end-to-end solution for manufacturers, offering them significant savings on material and time costs, as well as improving sustainability.

The Company has a healthy short-term pipeline of new business opportunities in Europe and North America. The Company has contracted revenues for FY24 of £27m (FY23: £16.4m) growing to £33m in FY25. The current UK and US manufacturing facilities are being better utilised to meet this increase in the order book. The new US facility could be doubled again in capacity, to meet further new business and contracted volumed growth, and the Company has the capacity to deliver up to circa £70m with only minimal additional investment. We have a highly qualified pipeline of new business of c.£200m. The Board have set a five-year target of achieving a contracted revenue of £100m and 10% EBITDA margin.

We are looking forward to the future with confidence.

Andy Beaden
Non-Executive Chairman
9 July 2024

Condensed consolidated statement of total comprehensive income
for the 6 months ended 30 April 2024

	Note	**6 months ended 30 April 2024 (unaudited)**	**6 months ended 30 April 2023 (unaudited)**	**12 months ended 31 October 2023 (audited)**
		£'000	£'000	£'000
Revenue	3	10,745	6,980	16,411
Cost of sales		(8,331)	(5,459)	(13,325)
Gross profit		2,414	1,521	3,086
Administrative expenses		(3,325)	(2,806)	(5,783)
Exceptional administrative expenses		-	-	(120)
Other operating income		50	-	-
Operating loss		(861)	(1,285)	(2,817)
Operating loss analysed as:				
Adjusted EBITDA		(157)	(858)	(1,606)
Depreciation of property, plant and equipment		(192)	(116)	(297)
Amortisation		(120)	(20)	(116)
Depreciation of right-of-use assets under IFRS 16		(269)	(206)	(472)
Share-based payments		(123)	(85)	(206)
Exceptional administrative expenses		-	-	(120)
Finance income and expense		(219)	(152)	(326)
Loss before tax		(1,080)	(1,437)	(3,143)
Corporation tax recoverable		400	-	-
Loss for the period and total comprehensive loss		(680)	(1,437)	(3,143)
Loss per share - Basic (pence per share)	4	(0.01p)	(0.04p)	(0.08p)

	Note			
Loss per share - Diluted (pence per share)	4	(0.01p)	(0.04p)	(0.08p)

The notes below form part of this interim report.

Condensed consolidated statement of financial position at 30 April 2024

	Note	**As at 30 April 2024 (unaudited)**	**As at 30 April 2023 (unaudited)**	**As at 31 October 2023 (audited)**
		£'000	£'000	£'000
Non-current assets				
Intangible assets		953	499	890
Property, plant and equipment		1,935	1,739	2,095
Right-of-use assets		1,833	2,299	2,129
Total non-current assets		4,721	4,537	5,114
Current assets				
Inventories		2,096	1,633	2,743
Trade and other receivables		3,463	2,976	3,667
Corporation tax recoverable		450	-	-
Cash and cash equivalents		1,786	1,208	3,178
Total current assets		7,795	5,817	9,588
Total assets		12,516	10,354	14,702
Current liabilities				
Loans		503	536	503
Trade and other payables		3,468	4,298	4,587
Obligations under lease liabilities		489	470	487
Total current liabilities		4,460	5,304	5,577
Non-current liabilities				
Loans		719	1,222	970
Obligations under lease liabilities		1,325	1,779	1,587
Total non-current liabilities		2,044	3,001	2,557
Total liabilities		6,504	8,305	8,134
Net assets		6,012	2,049	6,568
Equity attributable to equity holders of the company				
Share capital	5	134	92	133
Share premium		4,870	9,727	4,870
Share-based payments reserve		601	769	478
Retained earnings		407	(8,539)	1,087
Total equity		6,012	2,049	6,568

The notes below form part of this interim report.

The financial statements were approved and authorised for issue by the Board of Directors on 8 July 2024 and were signed on its behalf by:

Rob Smith
Company Secretary Company Number: 06389233

Condensed consolidated statement of changes in equity for the 6 months ended 30 April 2024

	Share capital £'000	Share premium £'000	Retained earnings £'000	Share-based payments reserve £'000	To equ £'(
As at 31 October 2022	91	9,727	(7,102)	684	3,4
Loss for the period	-	-	(1,437)	-	(1,4
	91	9,727	(8,539)	684	1,9
Transactions with shareholders:					
Share-based payments	1	-	-	85	
As at 30 April 2023	92	9,727	(8,539)	769	2,(
Loss for the period	-	-	(1,707)	-	(1,7
	92	9,727	(10,246)	769	3
Transactions with shareholders:					
Share-based payments	-	-	-	121	1
Vesting of share options	-	-	412	(412)	
Issue of shares net of transaction costs	42	6,063	-	-	6,1
Reduction of Share Premium Account	-	(10,920)	10,920	-	
As at 31 October 2023	133	4,870	1,087	478	6,5
Loss for the period	-	-	(680)	-	(6
	133	4,870	407	478	5,8
Transactions with shareholders:					
Share-based payments	1	-	-	123	1
As at 30 April 2024	134	4,870	407	601	6,(

The notes below form part of this interim report.

Condensed consolidated statement of cash flows
for the 6 months ended 30 April 2024

	6 months ended 30 April 2024 (unaudited)	6 months ended 30 April 2023 (unaudited)	12 months ended 31 October 2023 (audited)
	£'000	£'000	£'000
Operating activities			
Loss for the period	(680)	(1,437)	(3,143)
Taxation	(450)	-	-
Profit on sale of assets	-	(4)	(4)
Finance costs	219	152	326
Amortisation of intangible assets	120	20	116
Depreciation of property, plant and equipment	192	116	297
Depreciation of right-to-use assets	269	206	472
Share-based payments	123	85	206
	(207)	(862)	(1,730)
Operating cash flows before movements in working capital			
Decrease/(Increase) in trade and other receivables	204	(455)	(1,146)
Decrease/(Increase) in inventories	647	(226)	(1,336)
(Decrease)/Increase in trade and other payables	(1,119)	2,091	2,380
Cash from operations	(475)	548	(1,832)
Net cash inflow from operating activities	(475)	548	(1,832)
Investing activities			
Purchase of property, plant and equipment net of intercompany transfers	(6)	(756)	(1,293)
Purchase of development expenditure	(183)	(346)	(833)
Proceeds from disposal of property, plant and equipment	-	4	4
Net cash used in investing activities	(189)	(1,098)	(2,122)
Financing activities			
Proceeds from issue of ordinary shares	-	-	6,590
Share issue transaction cost	-	-	(485)
Finance costs paid	(219)	(151)	(326)
Loan repayment	(248)	(251)	(536)
Repayment of lease liabilities capital	(261)	(184)	(455)

Net cash used in financing activities	(728)	(586)	4,788
Net Decrease in cash and cash equivalents	(1,392)	(1,136)	834
Cash and cash equivalents at beginning of period/year	3,178	2,344	2,344
Cash and cash equivalents at end of period/year	1,786	1,208	3,178

The notes below form part of this interim report.

Notes to Interim Report

1. General information

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

In order to prepare for future expansion in the Asia region, the Company established a wholly owned subsidiary company, Velocity Composites Sendirian Berhad, which is domiciled in Malaysia. The subsidiary company commenced trading on 18 April 2018. The Company also established a wholly owned subsidiary company, Velocity Composites Aerospace Inc. to prepare for future expansion in the United States of America. These subsidiaries, together with Velocity Composites plc, now form the Velocity Composites Group ('the Group').

The Group's principal activity is that of the sale of kits of composite material and related products to the aerospace industry.

The condensed consolidated interim financial statements are unaudited and do not constitute statutory financial statements within the meaning of Section 435 of the Companies Act 2006. The review report on these interim financial statements is set out below. The financial information for the year ended 31 October 2023 has been derived from the published statutory financial statements for the Company. A copy of the full accounts for that period, on which the auditor issued an unmodified report that did not contain statements under Section 498(2) or 498(3) of the Companies Act 2006, has been delivered to the Registrar of Companies.

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

2. Accounting policies

Basis of preparation

These condensed consolidated interim financial statements are for the six months ended 30 April 2024. This interim financial report has been prepared in accordance with International Accounting Standard 34, in accordance with UK-adopted international accounting standards, and has been prepared using consistent accounting policies as applied in the Company's full year accounts to 31 October 2023 and as expected to be applied in the full year accounts to 31 October 2024. They have therefore been prepared in compliance with the measurement and recognition criteria of UK-adopted international accounting standards.

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

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

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

Going concern

Management continues to undertake a significant level of cash flow forecasting and detailed financial projections for the period to 31 October 2025 have been prepared. A number of sensitivities have been performed to understand the cash flow impact of various scenarios which continue to show that the business has sufficient liquidity to continue trading as a going concern.

The aerospace sector lends itself to long-term planning due to the nature and length of customer programmes, typically a minimum of three years, but often five years or more. This has enabled the business to fully model the period to 31 October 2025 and incorporate more strategic, longer-term planning for growth as the industry continues its recovery from the pandemic.

2. Accounting policies (continued)

Going concern (continued)

Cash flow forecasts are reviewed monthly through Management's Integrated Business Planning (IBP) process and the assumptions updated for any new knowledge to ensure there is no change in the Group's liquidity outlook. This is linked in with Management's monthly risk review and should the outlook change significantly with no mitigating actions, the Group's liquidity risk rating on the risk register will be adjusted to reflect this and subsequently discussed at Board level.

The latest financial projections incorporate revenue forecasts based on current contracted demand in both the UK and US. It is important that the business continues to move towards full rate production in the US in order to meet this customer demand, generating revenue and cash in the process. The cost base included in the projections is reflective of the significant cost reductions that have already taken place in the Group, but also realistic about the investment required to continue to implement growth.

It is this investment in growth and technological advancements that has resulted in the forecasts indicating that the Group's Invoice Discounting Facility, secured against Trade Debtors, will not be utilised during the going concern period. Whilst this facility is designed to be short-term and can be withdrawn with 3 months' notice, the latest discussions have reflected the bank's support for Velocity's growth strategy and as such we expect this facility will remain available for the foreseeable future. The Group is also reliant on the supply chain facilities and support offered by the current US customer as it continues to develop the Tallassee site and move towards full rate production and again, it is the expectation that this will remain in place.

Should alternative financing be required, the Group would preserve cash by delaying further investment activities until longer-term funding could be implemented, such as asset-based financing against new capital expenditure, new banking facilities or equity funding.

Having due regard for the latest deliverables and latest projections, together with the facilities available, it is the opinion of the Board that the Group has adequate resources to continue to trade as a going concern.

3. Segmental analysis

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

	6 months ended 30 April 2024 (unaudited)	6 months ended 30 April 2023 (unaudited)	12 months ended 31 October 2023 (audited)
	£'000	£'000	£'000
Revenue			
United Kingdom	7,143	6,844	14,350
Rest of Europe	6	6	41
US	3,588	-	1,967
Rest of World	8	130	53
	10,745	6,980	16,411

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

4. Reconciliation of reported earnings per share

	6 months ended 30 April 2024 (unaudited)	6 months ended 30 April 2023 (unaudited)	12 months ended 31 October 2023 (audited)
	£'000	£'000	£'000
Loss for the period/year	(680)	(1,437)	(3,143)
Weighted average number of shares	**Shares**	**Shares**	**Shares**
Weighted average number of shares in issue	53,433,561	36,600,099	38,410,094
Weighted average number of share options	1,648,430	2,254,694	1,348,066
Weighted average number of shares (diluted)	55,081,991	38,854,793	39,758,160

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

	6 months ended 30 April 2024 (unaudited)	6 months ended 30 April 2023 (unaudited)	12 months ended 31 October 2022 (audited)
Loss per share			
Basic & Diluted	(0.01p)	(0.04p)	(0.08p)

5. Share capital of the Company

	Number of shares	Share capital	Share premium
		£	£
Share capital issued and fully paid			
Ordinary shares of £0.0025 each as at 31 October 2022	36,458,997	91,147	9,727,158
Shares issued to satisfy exercise of share options on 6 March 2023	461,788	1,154	-
Ordinary shares of £0.0025 each as at 30 April 2023	36,920,785	92,301	9,727,158
Ordinary shares issued 15 August 2023	3,972,583	9,932	1,579,102
Ordinary shares issued 6 October 2023	12,500,000	31,250	4,968,750
Transaction costs	-	-	(485,000)
Reduction of Share Premium Account	-	-	(10,919,658)
Ordinary shares of £0.0025 each as at 31 October 2023	53,393,368	133,483	4,870,352
Shares issued to satisfy exercise of share options on 6 March 2023	75,000	188	-
Ordinary shares of £0.0025 each as at 30 April 2024	53,468,368	133,671	4,870,352

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

6. Capital commitments

At 30 April 2024 the Group had £158,000 (2023: £Nil) of capital commitments relating to the purchase of leasehold improvements, plant and machinery and fixture and fittings.

Independent Review Report to Velocity Composites plc

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 April 2024 which comprises the condensed Consolidated Statement of Comprehensive income, the condensed Consolidated Statement of Financial Position, the condensed Consolidated Statement of Changes in Equity, the condensed Consolidated Statement of Cash Flows and the related notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 April 2024 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with UK adopted IFRSs. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting.

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of Directors

The directors are responsible for preparing the half-yearly financial report in accordance with International Accounting Standard 34, 'Interim Financial Reporting'.

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Cooper Parry Group Limited

Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

8 July 2024

END

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