

**Velocys Limited**  
**(Formerly Velocys plc)**

**Annual report and financial statements**  
**for the year ended 31 December 2024**

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## Velocys Limited

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## Velocys Limited

### Company information

<b>Directors:</b>	Kevin Bone Joshua Dienstag Sei Wei Ong Matthew Viergutz
<b>Registered office.</b>	Regus John Eccles House Science Park Robert Robinson Avenue Oxford Oxfordshire OX4 4GP
<b>Independent Auditor:</b>	PricewaterhouseCoopers LLP 4 <sup>th</sup> Floor One Reading Central 23 Forbury Road Reading RG1 3JH

## Velocys Limited

### Strategic report for the year ended 31 December 2024

The directors present their Strategic report on the Company for the year ended 31 December 2024

#### Company

Velocys Limited (formerly Velocys plc) is a company incorporated in the United Kingdom and registered in England. It operates through a number of subsidiaries in the UK and the US, and collectively they are referred to in the financial statements as the "Company" or "Velocys". Velocys Limited is referred to as the "parent company".

The parent company was incorporated on 16 February 2006, and its registered office address is Regus, John Eccles House, Science Park, Robert Robinson Avenue, Oxford, Oxfordshire OX4 4GP, United Kingdom.

#### Review of business

Velocys is a sustainable fuels technology company, with a patented technology solution that enables the production of synthetic fuels from a variety of sustainable non-fossil waste materials, such as woodchips and residual waste. Sustainable aviation fuel (SAF) is a permanent alternative to fossil aviation fuels. Velocys' ambition is to enable commercial scale SAF production in response to the global clean energy transition.

The fuel created through Velocys' technology is a negative carbon intensity fuel with carbon sequestration. It has the potential to support national fuel security initiatives as well as delivering environmental improvements as a cleaner burning fuel, compared to conventional fossil fuels, with greatly improved air quality. The fuel contains much lower sulphur oxide, nitrogen oxide and particulate matter emissions when combusted in conventional engines and turbines.

During the year, revenue increased by £97,000 to £158,000. The Company currently has a low level of revenue compared to its operating expenses which were £19,814,000 for the year ended 31 December 2024 (2023 £29,725,000). Operating losses before exceptional items were £18,789,000 (2023 £15,026,000), reflecting the fact that the Company receives government grant funding for some of the SAF development project engineering it has undertaken during 2024 and in the previous year.

Operating losses after exceptional items were £30,479,000 (2023 £14,978,000). Exceptional items of £11,690,000 for the year ended 31 December 2024 (2023 £nil), as set out in note 3 of the consolidated financial statements were mainly in respect of impairment charges recorded against property, plant and equipment and right-of-use assets triggered by the closure of the Company's manufacturing facility in the US.

The net loss was 85% higher at £30,713,000 (2023 £16,564,000).

As at 31 December 2024 the Company had net liabilities of £9,043,000 (31 December 2023 net assets of £5,088,000) and cash and cash equivalents of £3,547,000 (31 December 2023 £1,423,000). The Company has debt of £8,951,000 owing to its parent company, Madison Bidco Limited (Madison), however this will be converted to equity in the second half of 2025.

On 17 January 2024, the Company was acquired by Madison. The acquisition was implemented by way of a Court-sanctioned Scheme of Arrangement under Part 26 of the Companies Act 2006. Dealings in Velocys ordinary shares were suspended on 17 January 2024 when an application was made to the London Stock Exchange for the cancellation of admission to trading of Velocys ordinary shares on AIM. This took effect on 18 January 2024. On 9 December 2024, the Company re-registered from a public company to a private company and as a result changed its name from Velocys plc to Velocys Limited.

The level of business and the year-end financial position were in line with the directors' expectations, however the directors made a strategic decision after the year-end to restructure the Company's operations following a strategic review which highlighted the need to focus on a wider set of commercial opportunities and reduce the level of spending on in-house manufacturing readiness in the short-term. This has led to implementing the restructuring plan set out in note 32 of the consolidated financial statements.

#### Section 172 statement

During 2024, the Board acted in a way it considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole based on information available to them at the time. The following disclosures describe how the directors have had regard to the matters set out in section 172(1) (a) to (f) and forms the directors' statement required under section 414CZA of the Companies Act 2006.

## Velocys Limited

### Strategic report for the year ended 31 December 2024 (continued)

#### **172(1)(a) the likely consequences of any decision in the long-term**

Decisions brought to the Board are considered in the wider context of their consequences for the business in the long-term. The Board considers the long-term impact of corporate actions and decisions on the member and other key stakeholders, through careful consideration of appropriate information provided by a range of subject matter experts (including external advisors where necessary) to support decisions.

#### **172(1)(b) the interests of the company's employees**

The Company is a responsible employer, focused on employee engagement and communication. It promotes a diverse and inclusive workforce and the continued development of its people in a safe working environment.

In 2024, the Company maintained its record of no lost time accidents for each of its UK and US sites. Velocys policies and procedures ensure regulatory compliance (OSHA in the US and HSE in the UK), including its safety policy and response programme for the escalation of any health and safety issues.

#### **172(1)(c) the need to foster the company's business relationships with suppliers, customers and others**

The Company recognises the importance of mutually beneficial, long-term business relationships. Each major relationship with a customer, supplier, trade body, government department or other organisation is assigned a senior manager who is responsible for ensuring overall success and co-ordinating the interactions with other team members.

#### **172(1)(d) the impact of the company's operations on the community and environment**

The Company's main goal is to provide a technology solution to parts of the transport sector that are hard to decarbonise, especially air travel. Velocys has spent the past twenty years developing the technology to enable biorefineries of different scale to be built with a significant beneficial impact on the carbon emissions of this sector.

#### **172(1)(e) the desirability of the company maintaining a reputation for high standards of business conduct**

The Company actively promotes doing business ethically and with the highest integrity standards. Policies on Ethics, Anti-Corruption and Bribery and an Anti-Modern Slavery Policy set out the standards by which all employees are expected to operate.

#### **172(1)(f) the need to act fairly as between members of the company**

Since 17 January 2024, the Company only had one member, Madison Bidco Limited (Madison), a special purpose vehicle whose sole purpose is to acquire and invest in Velocys, and in line with the Company's governance policies, ensured regular communication through various corporate reporting channels including monthly management reporting.

Continued access to capital is of vital importance to the long-term success of the Company and therefore the directors regularly discuss cash flow forecasts and business performance with Madison and its investors. Three of the directors of Madison are also directors of the Company.

#### **Principal decisions**

Principal decisions are those that are material to the Company and significant to any of the key stakeholder groups. During the year ended 31 December 2024 the Board made the following decisions:

- Approved a contribution of \$1.2 million towards the construction of a levee for land over which the Company holds a purchase option in respect of the Bayou Fuels project in Natchez, US, and
- Approved the re-registration of the Company from public to private status
- Post year end approved the restructuring of the Company and the shutdown of the Ohio facility

#### **Key performance indicators**

Key performance indicators for the Company were:

- the level of cash consumed by operations
- the number and value of commercial, revenue generating contracts signed during the year
- raising development capital (DevCap) funding for the Aitalto and Bayou Fuels reference projects
- commissioning of the reactor core manufacturing line at the Company's facility in Ohio, US

**Velocys Limited**

**Strategic report for the year ended 31 December 2024 (continued)**

The level of cash consumed by operations was in line with the Company's approved budget. Cash flow forecasts were updated throughout the year to provide ongoing management of the cash runway available from the Company's shareholder, Madison.

The Company had limited success in signing new contracts during the year, with the only source of revenue being from engineering services provided to customers at the feasibility stage of projects.

The DevCap funding process, supported by a top-tier global investment bank, was unsuccessful in raising the funds required for the projects to continue their respective FEED stage (front end engineering design). However, the Company was able to maintain control of the project sites by continuing to pay the land option payments for each site throughout the year, extending the decision point on whether to continue investing in these projects into 2025.

There was a significant focus on manufacturing readiness, including the commissioning of equipment and recruitment and training of operators for the Ohio facility. At the year end, approximately 80% of the manufacturing line was able to operate following site acceptance tests for the various manufacturing stations forming the complete reactor core manufacturing process.

Overall, whilst there was operational progress during 2024, the directors concluded that the commercial strategy had not delivered sufficient results and therefore launched a strategic review following the December 2024 Board meeting.

**Principal risks and uncertainties**

The Company's risk management methodology is aimed at identifying the principal risks that could

- adversely impact the safety or security of the Company's employees and assets
- have a material impact on the financial or operational performance of the Company
- impede achievement of the Company's strategic objectives, and/or
- adversely impact the Company's reputation or stakeholder expectations

The principal risks existing at the date of approval of this Strategic report are considerably different to the risks faced during the year ended 31 December 2024 due to the restructuring plan implemented in March 2025 (as set out in note 32 of the consolidated financial statements). The principal risk relating to "Organisational scale-up" described in the Company's 2023 Annual Report and Financial Statements is no longer relevant to the current strategic priorities and objectives, and therefore not included. An emerging risk at the date of approval of this Strategic report entitled "International trade" is included.

Risk	Mitigation	Trend
<p><b>Cyber security and data protection</b> Breach or failure of our or third parties' digital infrastructure or cyber security, including loss or misuse of sensitive information could damage our operations, increase costs and damage our reputation</p>	<p>The Company deploys IT security protection tools including ongoing detection and monitoring of threats</p> <p>There is ongoing staff training on cyber security threats, supported by policies for data protection governing the use of the Company's systems and access to information. The Company also maintains cyber insurance.</p>	<p>No change</p>

Velocys Limited

Strategic report for the year ended 31 December 2024 (continued)

Principal risks and uncertainties (continued)

Risk	Mitigation	Trend
<p><b>Sustainability and climate change</b>                      The risks associated with climate change and the need to align with a carbon-neutral economy, affect the Company's current operations and longer-term strategic goals</p> <p>Physical effects of climate change could cause business disruption through damage to our own facilities and those of our clients and suppliers</p> <p>Taking decisions to reduce our own carbon footprint could have financial consequences, such as increasing the price of materials used in production and certain running costs</p>	<p>We have assessed the locations of our current facilities to be relatively low risk from natural disasters and weather events, however, we have experienced some minor disruption to employees caused by specific adverse weather events and continue to manage these risks as part of our overall health and safety practices</p> <p>Assessing climate-related risks is part of management's decision making to ensure resilient operations</p>	<p>No change</p>
<p><b>Commercial execution</b>                      The adoption of new technology, with high capital requirements, is inherently difficult to predict and there is a risk that commercial roll-out may be slower than anticipated</p>	<p>The Company is focused on securing customers that have the greatest likelihood of obtaining investment to proceed with their projects. The Company has reorganised the operating structure to focus more resources on selling activities</p>	<p>No change</p>
<p><b>Working capital funding</b>                      If the Company cannot convert pipeline opportunities into contractual commitments for purchasing a licence and hardware in a timely manner, the Company will remain reliant on its shareholder and its investors for working capital funding</p>	<p>The Company and its shareholder review cash flow forecasts and cash runway together to understand when / how to raise further funding which may come from existing investors in Madison or new parties, depending on commercial progress</p>	<p>No change</p>
<p><b>Regulatory framework</b>                      Biorefinery development projects are critically dependent on government policy support. If policy support for mitigation of climate change, including the decarbonisation of fuels, wanes, this could adversely affect the Company's ability to secure customers or financing for its own reference projects</p> <p>Any changes to legislation (such as mandates and tax credits) that are unfavourable could adversely affect future revenue and earnings</p>	<p>The Company monitors decarbonisation policy developments in the US, UK, and other key areas and is an active member of various SAF industry forums</p> <p>The US regulatory environment has significantly deteriorated during 2024 with a move back towards fossil fuels. This has effectively frozen capital investment into renewable energy projects. The UK government confirmed the UK SAF mandate and pricing mechanism in April 2024. Other territories continue to develop their policies, and global airlines have made commitments to meet SAF mandates</p>	<p>Increased</p>

Velocys Limited

Strategic report for the year ended 31 December 2024 (continued)

Principal risks and uncertainties (continued)

Risk	Mitigation	Trend
<p><b>Intellectual property</b> While the Company's core technology is protected by a robust family of patents, unauthorised third parties may receive or obtain confidential information about the Company's core technology, exposing the Company to competitors obtaining this information and gaining a competitive advantage, which could adversely affect the Company's business, financial condition, results or future operations</p> <p>The Company could unwittingly infringe IP rights of others, which could limit the Company's ability to deliver its technology to customers</p>	<p>IP professionals are engaged for management of the existing portfolio for which there is an active renewals programme and process to capture and exploit new patent opportunities</p> <p>Freedom-to-operate searches are undertaken to minimise the risk of IP infringement by the Company</p> <p>Technical security measures against data loss are in place and are regularly updated</p> <p>Strict non-disclosure and use agreements are signed with all third parties receiving confidential technical information.</p>	<p>No change</p>
<p><b>International trade</b> International tariffs introduced by several countries including the US potentially pose significant risks to international businesses, including increased costs, reduced competitiveness, and supply chain disruptions</p>	<p>As the Company re-sets its manufacturing strategy and develops more global connections with customers and technology partners, it will carefully assess the impact of tariffs and what can be done to mitigate the effects on the Company's profitability going forward</p>	<p>Increased</p>
<p><b>Manufacturing capability</b> The Company announced the closure of its in-house reactor core manufacturing facility in Q1 2025 If the Company cannot agree commercial arrangements with new manufacturing partners, there is a risk that production of new reactors may be delayed or more costly than expected</p>	<p>The Company is evaluating potential international manufacturers with the ability to support the scale of production required over the next few years</p>	<p>Increased</p>
<p><b>Foreign exchange risk</b> As the Company operates in US dollars and pounds sterling it may be impacted by fluctuations in exchange rates. New customers may be located in geographies with other currency impacts going forward</p>	<p>Based upon regularly updated cash flow forecasts, the required currency mix for operational expenditure is identified. The Company receives its funding requirements from Madison in a mix of US dollars and pounds sterling</p> <p>The Company will seek contractual terms with new customers in US dollars where possible to mitigate the risks</p>	<p>Increased</p>

## Velocys Limited

### Strategic report for the year ended 31 December 2024 (continued)

#### Future developments

With the extensive restructuring plan implemented in March 2025 (as set out in note 32 of the consolidated financial statements) the Company is re-focusing its strategy from project development and in-house manufacturing to re-establishing itself as a world leading Fischer Tropsch technology provider, accelerating the implementation of a continuous demonstration of Velocys' technology and ramping up its licensing business. The Company is de-risking its delivery capability by developing additional strategic and collaboration partnerships with established international manufacturing and engineering companies.

The Company continues to closely monitor the impact of changes to macro-economic variables that could affect its ability to progress its projects and those of its customers. The Company has traditionally focused on opportunities in the US and European renewable energy market, but it is diversifying its pipeline of customer opportunities by building customer relationships in other geographies, in particular the Middle and Far East, where regulatory frameworks are developing at pace.

The Strategic report is approved by the Board and signed on its behalf by

Signed by  
  
04EBA14078924F4  
Matthew Viergutz  
Director  
25<sup>th</sup> September 2025

## Velocys Limited

### Directors' report for the year ended 31 December 2024

The Directors present their report and the audited consolidated financial statements of the Company for the year ended 31 December 2024

#### Company and principal activities

Please refer to the Strategic report

#### Results and dividends

The operating loss before exceptional items for the year ended 31 December 2024 amounted to £18,789,000 (2023 £15,026,000). The operating loss after exceptional items for the year ended 31 December 2024 was £30,479,000 (2023 £14,978,000).

The Board has decided not to recommend the payment of any dividends for the year ended 31 December 2024 (2023 £nil). No dividends were paid in either year.

#### Future developments

An indication of the likely future developments of the Company is provided in the Strategic report.

#### Going concern

The Company relies on support from its parent company, Madison Bidco Limited (Madison), to remain a going concern. Velocys Limited was acquired in January 2024 by Madison whose shareholders are a consortium of global growth investors. To date, Madison has received funding from its shareholders of £47.4m. As at 31 December 2024, Madison had cash and cash equivalents of £15.3m and the Company had £3,547,000.

Madison provides cash funding to the Company in return for equity (a new issue of ordinary shares) however funding is provided quarterly in advance in line with the latest cash flow forecast and the ordinary shares are issued subsequently. Therefore, as at 31 December 2024, there was an advanced funds balance of £8,951,000 shown in current financial liabilities and yet to be recorded in equity.

The Directors have received a Letter of Support from Madison confirming that it will continue its financial support for a period of at least twelve months from the date of signing these financial statements. The Directors are confident that Madison's shareholders have access to the necessary funds to support the strategic goals and growth of the Company through to self-sustaining revenues and cash flows.

In considering the basis of preparation of the financial statements, the Directors have prepared cash flow forecasts for a period of at least twelve months from the date of approval of these financial statements. The Directors have undertaken a rigorous assessment of a base case forecast and have also assessed the magnitude and likelihood of risks and uncertainties occurring to prepare a downside scenario with associated risk mitigation actions.

Under both the base case and a severe but plausible downside scenario, the Company has sufficient resources to continue in operation for a period of at least twelve months from the date of approval of these financial statements. Taking account of the matters described above, the Directors are confident that the Company and the parent company will have sufficient funds to continue to meet their liabilities as they fall due for at least twelve months from the date of approval of these financial statements and therefore have prepared the financial statements on a going concern basis.

#### Political donations

The Company does not make political donations or incur political expenditure and has no intention of doing so.

#### Financial instruments and related matters

The Company's financial instruments comprise cash and liquid resources. The main purpose of these financial instruments is the funding of the Company's activities. It has been the Company's policy throughout the year under review that no trading in financial instruments shall be undertaken.

Included in note 27 of the consolidated financial statements, are the Company's financial risk factors and policies and an indication of the Company's exposure to certain risks. Those elements of that note form part of this report and are incorporated by reference.

## Velocys Limited

### Directors' report for the year ended 31 December 2024 (continued)

#### Events after the reporting date

##### **Restructuring of operations**

In March 2025, the Company informed employees of a plan to restructure the Company's operations following a strategic review to evaluate how the Company could reduce its monthly outgoings whilst the Company focuses on securing revenue generating licensing contracts. 66% of employees were made redundant, with the majority of these roles exiting the Company by 31 March 2025.

The restructuring included a plan approved by the Board to outsource manufacturing of all elements of the reactor rather than continue to build an in-house capability in the US. Therefore, the Company's leasehold manufacturing facility in Columbus, Ohio which had not yet produced commercial reactor cores, is closing as a result of this decision. A programme to decommission the facility and dispose of obsolete equipment commenced in April 2025 and is expected to take six to nine months.

##### **Advanced Fuels Fund Grant for Altalto project**

Altalto Limited has been awarded a tranche 3 Advanced Fuels Funds grant of £3m, from the Department for Transport for additional pre-feed work for the Altalto project.

#### Research and development activities

The Company's research and development activities relate primarily to the development of technology to support sustainable fuel projects. This includes work on catalyst optimisation as well as development work on parts of the reactor design that can affect the scale of the reactors in the field. Details of research and development costs are shown in note 5 of the consolidated financial statements.

#### Directors

The directors of Velocys Limited who were in office during the year and up to the date of signing the financial statements, unless otherwise stated, were as follows:

Matthew Viergutz – appointed 12 February 2025

Kevin Bone – appointed 17 January 2024

Joshua Dienstag – appointed 17 January 2024

Sei Wei Ong – appointed 1 September 2025

Kimberly Tan – appointed 8 August 2024, resigned 1 September 2025

Hennk Wareborn – resigned 27 November 2024

May Liew – appointed 17 January 2024, resigned 8 August 2024

Philip Holland – resigned 17 January 2024

Philip Sanderson – resigned 17 January 2024, appointed 3 December 2024, resigned 12 February 2024

Darran Messemer – resigned 17 January 2024

Ann Markey – resigned 17 January 2024

Tom Quigley – resigned 17 January 2024

#### Directors' interests

None of the directors hold any interest in the ordinary shares of Velocys Limited.

#### Directors' indemnities

The Company maintains directors' qualifying third-party indemnity insurance to provide cover for legal action against its directors. This has been in place throughout the year and remains in place at the date of this report.

## Velocys Limited

### Directors' report for the year ended 31 December 2024 (continued)

#### Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and financial statements in accordance with applicable law and regulation

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law)

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements
- make judgements and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the groups and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006

#### Directors' confirmations

In the case of each director in office at the date the directors' report is approved

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information

The Directors' report is approved by the Board and signed on its behalf by

Signed by  
  
04E6A14076924F4  
Matthew Viergutz  
Director  
25<sup>th</sup> September 2025

# Independent auditors' report to the members of Velocys Limited

## Report on the audit of the financial statements

### **Opinion**

#### *In our opinion*

- Velocys Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2024 and of the group's loss and the group's cash flows for the year then ended,
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006,
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law), and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise of the consolidated statement of financial position and the Velocys Limited statement of financial position as at 31 December 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the Velocys Limited statement of changes in equity for the year then ended, and the notes to the financial statements, comprising material accounting policy information and other explanatory information

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### **Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006 and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent

manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to potential misappropriation of the assets, and in particular cash and cash equivalents. Audit procedures performed by the engagement team included

- Held discussions with management and those charged with governance, including inquiries of known or suspected instances of non-compliance with laws and regulations and/or fraud,
- Reviewed meeting minutes of the Board of Directors for consideration of known or suspected instances of non-compliance with laws and regulations and/or fraud,
- Identified and tested journal entries based on our risk assessment,
- Challenged assumptions and judgements made by management in their significant accounting estimates and material judgements and assessed the business rationale for significant contracts and transactions entered. This included and evaluation of whether there was evidence of management bias that represented a risk of material misstatement due to fraud,
- Incorporated elements of unpredictability into our audit procedures, and
- Reviewed the disclosures in the Annual Report against the specific legal requirements

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not obtained all the information and explanations we require for our audit, or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- certain disclosures of directors' remuneration specified by law are not made, or
- the company financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility



Hassan Ahmed (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
25 September 2025

Velocys Limited

**Consolidated income statement**  
For the year ended 31 December 2024

		2024	2023 (Restated)
	Note	£'000	£'000
<b>Revenue</b>	4	158	61
Cost of sales		(158)	(13)
<b>Gross profit</b>		-	48
Operating expenses	5	(19,814)	(29,725)
Other income	9	1,025	14,699
<b>Operating loss before exceptional items</b>		(18,789)	(14,978)
Exceptional items	3	(11,690)	-
<b>Operating loss after exceptional items</b>		(30,479)	(14,978)
Finance income	10	606	46
Finance costs	11	(1,501)	(2,266)
<b>Net finance costs</b>		(895)	(2,220)
<b>Loss before income tax</b>		(31,374)	(17,198)
Income tax credit	12	661	634
<b>Loss for the financial year attributable to the owners of Velocys Limited</b>		(30,713)	(16,564)

Disclosure in respect of prior period restatement can be found in note 33, prior period adjustments

The notes on pages 21 to 49 are an integral part of these consolidated financial statements

**Velocys Limited**

**Consolidated statement of comprehensive income**  
**For the year ended 31 December 2024**

	<b>2024</b>	<b>2023 (Restated)</b>
	<b>£'000</b>	<b>£'000</b>
<b>Loss for the year</b>	(30,713)	(16,564)
Items that may be reclassified to the income statement in subsequent periods		
Foreign currency translation differences	(483)	650
<b>Total comprehensive expense for the year attributable to the owners of Velocys Limited</b>	<u>(31,196)</u>	<u>(15,914)</u>


Disclosure in respect of prior period restatement can be found in note 33, prior period adjustments

The notes on pages 21 to 49 are an integral part of these consolidated financial statements

**Velocys Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2024**

	Note	2024 £'000	2023 Restated £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	10,315	14,379
Right-of-use assets	16	143	4,804
Intangible assets	17	1,754	1,643
<b>Total non-current assets</b>		<b>12,212</b>	<b>20,826</b>
<b>Current assets</b>			
Inventories	19	596	1,230
Trade and other receivables	20	1,141	3,577
Current income tax asset	12	659	637
Cash and cash equivalents	21	3,547	1,423
<b>Total current assets</b>		<b>5,943</b>	<b>6,867</b>
<b>Total assets</b>		<b>18,155</b>	<b>27,693</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions	22	(186)	(177)
Lease liabilities	16	(4,034)	(4,167)
Financial liabilities	23	-	(10,468)
Other liabilities	25	(160)	(157)
<b>Total non-current liabilities</b>		<b>(4,380)</b>	<b>(14,969)</b>
<b>Current liabilities</b>			
Provisions	22	(7)	(7)
Trade and other payables	24	(2,314)	(5,894)
Lease liabilities	16	(580)	(603)
Financial liabilities	23	(20,410)	(882)
Other liabilities	25	-	(105)
Deferred revenue	26	(147)	(145)
<b>Total current liabilities</b>		<b>(23,458)</b>	<b>(7,636)</b>
<b>Total liabilities</b>		<b>(27,838)</b>	<b>(22,605)</b>
<b>Net liabilities</b>		<b>(9,683)</b>	<b>5,088</b>
<b>Equity</b>			
Issued share capital	28	32,454	16,518
Share premium	28	224,249	224,249
Other reserves	29	4,404	4,441
Accumulated losses		(270,790)	(240,120)
<b>Total equity</b>		<b>(9,683)</b>	<b>5,088</b>

Disclosure in respect of prior period restatement can be found in note 33, prior period adjustments. The notes on pages 21 to 49 are an integral part of these consolidated financial statements. The consolidated financial statements on pages 16 to 18 were approved by the board of directors and signed on its behalf by

Signed by  
  
**Matthew Wignall**  
 Director  
 25<sup>th</sup> September 2025  
 Registered number 05712187

Velocys Limited

**Consolidated statement of changes in equity**  
For the year ended 31 December 2024

	Note	Issued share capital £'000	Share premium £'000	Other reserves £'000	Restated Accumulated losses £'000	Restated Total equity £'000
At 1 January 2023		13,977	221,141	6,245	(224,675)	16,688
Loss for the year Restated		-	-	-	(17,345)	(17,345)
<b>Other comprehensive expense</b>						
Foreign currency translation differences		-	-	650	-	650
<b>Total comprehensive income/(expense)</b>		-	-	650	(17,345)	(16,695)
<b>Transactions with owners</b>						
Share-based payments – value of employee services	14	-	-	(554)	-	(554)
Transfer from share-based payments reserve	28	-	-	(1,900)	1,900	-
Net proceeds from share issues	28	2,541	3,108	-	-	5,649
<b>Total transactions with owners</b>		<b>2,541</b>	<b>3,108</b>	<b>(2,454)</b>	<b>1,900</b>	<b>5,095</b>
<b>At 31 December 2023 and 1 January 2024</b>		<b>16,518</b>	<b>224,249</b>	<b>4,441</b>	<b>(240,120)</b>	<b>5,088</b>
Loss for the year		-	-	-	(30,713)	(30,713)
<b>Other comprehensive expense</b>						
Foreign currency translation differences		-	-	(483)	-	(483)
<b>Total comprehensive income/(expense)</b>		-	-	(483)	(30,713)	(31,196)
<b>Transactions with owners</b>						
Share-based payments – value of employee services	14	-	-	95	-	95
Transfer from share-based payments reserve	28	-	-	(683)	683	-
Net proceeds from share issues	28	17,315	-	1,034	-	18,349
Buyback of own shares	28	(1,379)	-	-	-	(1,379)
<b>Total transactions with owners</b>		<b>15,936</b>	<b>-</b>	<b>446</b>	<b>683</b>	<b>17,065</b>
<b>At 31 December 2024</b>		<b>32,454</b>	<b>224,249</b>	<b>4,404</b>	<b>(270,150)</b>	<b>(9,043)</b>

Disclosure in respect of prior period restatement can be found in note 33, prior period adjustments The notes on pages 21 to 49 are an integral part of these consolidated financial statements

**Velocys Limited**  
**Consolidated statement of cash flows**  
**For the year ended 31 December 2024**

	Note	2024 £'000	2023 Restated £'000
<b>Cash flows from operating activities</b>			
Operating loss		(30,479)	(15,759)
Depreciation and amortisation	15	1,523	1,346
Profit on sale of property, plant and equipment	15	59	19
Profit on sale of intangible assets		-	18
Impairment	3	10,517	-
Share based payments	14	95	(554)
FX not related to cash		-	(212)
Obsolescence provision	19	(209)	(170)
Inventory write-off		764	-
Changes in working capital (excluding the effects of exchange differences on consolidation)			
Trade and other receivables	20	2,436	(991)
Trade and other payables	24	(3,580)	3,298
Provisions	22	9	(45)
Other liabilities	25	(102)	(225)
Deferred revenue	26	2	(61)
Inventory	19	79	(205)
<b>Cash consumed by operations</b>		<b>(18,886)</b>	<b>(13,541)</b>
Tax credits received	12	-	972
<b>Net cash used in operating activities</b>		<b>(18,886)</b>	<b>(12,569)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	15	(2,798)	(3,993)
Purchase of intangible assets	17	(274)	(347)
Interest received	10	33	46
<b>Net cash used in investing activities</b>		<b>(3,039)</b>	<b>(4,294)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	28	17,315	6,353
Costs of issuing shares		-	(704)
Principal elements of lease payments		(525)	(523)
Proceeds from parent entity		8,451	-
Interest paid	11	-	(251)
Proceeds from borrowings		-	500
Financing option fees		(500)	(300)
Financing interest		(369)	(100)
Payment for share buy back		(345)	-
<b>Net cash generated from financing activities</b>		<b>24,027</b>	<b>4,975</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,102</b>	<b>(11,888)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>1,423</b>	<b>13,383</b>
Exchange movements on cash and cash equivalents		(21)	(72)
<b>Cash and cash equivalents at end of year</b>	21	<b>3,504</b>	<b>1,423</b>

## Velocys Limited Consolidated statement of cash flows (continued)

Disclosure in respect of prior period restatement can be found in note 33, prior period adjustments. The notes on pages 21 to 49 are an integral part of these consolidated financial statements.

### Notes to the consolidated financial statements

#### 1. General information

Velocys Limited (the "Company") is a private company limited by shares incorporated and domiciled in England. It operates through a number of subsidiaries in the UK and the US, and collectively they are referred to in the financial statements as the 'Company' or 'Velocys', with Velocys Limited as 'Velocys Limited' or the 'parent company'.

#### 2. Material accounting policies

##### Basis of preparation

The consolidated financial statements have been prepared in accordance with UK adopted international accounting standards and have been prepared in accordance with the requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities at fair value, where relevant. No such adjustments to financial assets or liabilities were required in 2024 or 2023.

The preparation of financial statements to conform to UK adopted international accounting standards requires the use of certain critical accounting estimates and the exercise of management's judgement in the application of the Company's accounting policies. Areas involving a higher degree of judgement or complexity, and areas where assumptions and estimates are significant to the financial statements are referenced below.

The consolidated financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds (£ thousand) unless otherwise indicated.

##### Going concern

The Company relies on support from its parent company, Madison Bidco Limited (Madison), to remain a going concern. Velocys Limited was acquired in January 2024 by Madison whose shareholders are a consortium of global growth investors. To date, Madison has received funding from its shareholders of £47.4m. As at 31 December 2024, Madison had cash and cash equivalents of £15.3m and the Company had £3,547,000.

Madison provides cash funding to the Company in return for equity (a new issue of ordinary shares) however funding is provided quarterly in advance in line with the latest cash flow forecast and the ordinary shares are issued subsequently. Therefore, as at 31 December 2024, there was an advanced funds balance of £8,951,000 shown in current financial liabilities and yet to be recorded in equity.

The Directors have received a Letter of Support from Madison confirming that it will continue its financial support for a period of at least twelve months from the date of signing these financial statements. The Directors are confident that Madison's shareholders have access to the necessary funds to support the strategic goals and growth of the Company through to self-sustaining revenues and cash flows.

In considering the basis of preparation of the financial statements, the Directors have prepared cash flow forecasts for a period of at least twelve months from the date of approval of these financial statements. The Directors have undertaken a rigorous assessment of a base case forecast and have also assessed the magnitude and likelihood of risks and uncertainties occurring to prepare a downside scenario with associated risk mitigation actions.

## Velocys Limited

### Notes to the consolidated financial statements (continued)

Under both the base case and mitigated downside scenario, the Company has sufficient resources to continue in operation for a period of at least twelve months from the date of approval of these financial statements. Taking account of the matters described above, the Directors are confident that the Company and the parent company will have sufficient funds to continue to meet their liabilities as they fall due for at least twelve months from the date of approval of these financial statements and therefore have prepared the financial statements on a going concern basis.

#### **Foreign currency translation and Functional and presentation currency**

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in pounds sterling and the functional currency of Velocys Limited is pounds sterling.

#### *Transactions and balances*

Foreign currency transactions are recorded in the functional currency of the entity at the exchange rates ruling at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are included in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within Finance income or Finance costs.

The net investment that Velocys Limited has in its subsidiary undertakings is its interest in the net assets of that subsidiary.

#### *Entities within Velocys*

The results and financial position of entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows.

- assets and liabilities are translated at the closing rate at the date of the balance sheet,
- income and expenses are translated at average exchange rates, and
- all resulting exchange differences are recognised as a movement within other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

#### **Property, plant and equipment**

Property, plant and equipment is held at cost. Depreciation is calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, which for plant and machinery is three to ten years. No depreciation is provided on land or assets under construction.

Residual values and useful lives are reviewed annually. Values are estimated using benchmark prices at the balance sheet date, useful lives are estimated based on management expectations of future project requirements and operational assessment of the state of assets.

Assets are reviewed for impairment annually and also whenever events or changes in circumstances indicate their carrying value may not be recoverable. To the extent the carrying value exceeds the recoverable amount, the difference is recorded as an expense in the income statement. The recoverable amount used for impairment testing is the higher of the value in use and fair value less costs of disposal. For the purpose of impairment testing, assets are generally tested individually or at a CGU level, which represents the lowest level for which there are separately identifiable cash inflows, which are largely independent of cash inflows from other assets or groups of assets.

An impairment loss in respect of property, plant and equipment would be reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the loss was recognised, or if there has been a change in the estimate used to determine the recoverable amount. A loss is reversed only to the extent that the asset's carrying amount does not exceed that which would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## Velocys Limited Notes to the consolidated financial statements (continued)

### **Right-of-use assets**

The Company leases buildings and equipment under non-cancellable leases with varying lease terms. For these leases, that convey the right to control the use of an identified asset for a period of time, the Company recognises a 'right-of-use asset' and a lease liability. Liabilities are measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate at the inception of the lease or at any later lease extension. The incremental borrowing rates used are estimates and rely on management judgements.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant rate of interest on the remaining balance of each lease at each reporting date.

To determine the incremental borrowing rate, the Company uses a build-up approach. This starts with a risk-free interest rate, adjusted for the credit risk for leases that do not have recent third party financing. Adjustments specific to the lease, e.g. term, country, currency and security, are then made to this risk-free rate.

Lease terms are negotiated on an individual basis and are with different lessors. The lease agreements do not impose any covenants, other than for the security interests of the lessor, over the leased assets. The assets may not be used as security for borrowing purposes. Building leases are typically for a fixed period of time, but some have had their lease terms extended by agreement with the lessor.

The associated right-of-use assets are initially measured at an amount equal to the lease liability plus the present value of any anticipated dilapidation costs required at the end of the lease term. Any reassessment of the lease liability, such as at a lease extension, results in an equal adjustment in the net book value of the associated asset. The right-of-use assets are depreciated over the lease term on a straight-line basis and are subject to impairment in accordance with IAS 36.

### **Intangible assets**

#### *Goodwill*

Goodwill is stated at cost less impairments. Goodwill is deemed to have an indefinite useful life and is tested for impairment at least annually.

#### *In-process technology*

Development costs, where the related expenditure is separately identifiable and measurable, and management are satisfied as to the ultimate technical and commercial viability of the project and that the asset will generate future economic benefit based on all relevant available information, are recognised as an intangible asset. Capitalised development costs are carried at cost less accumulated amortisation and impairment losses. Amortisation is charged over periods expected to benefit, typically up to 20 years, commencing with launch of the product. Development costs not meeting the criteria for capitalisation are expensed as incurred.

#### *Patents and licences*

Patents and licences are recorded at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over a period of 20 years, which is their estimated useful economic life. Residual values and useful lives are reviewed annually and adjusted if appropriate.

#### *Software*

Purchased software is recorded at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over its estimated useful life or its license period, whichever is the shorter, typically 2 – 5 years.

#### *Amortisation*

The Company amortises intangible assets with a limited useful life, using a straight-line method.

#### *Impairment*

Intangible assets are reviewed for impairment annually and whenever events or changes in circumstances indicate their carrying value may not be recoverable. To the extent carrying value exceeds recoverable amount, the difference is recognised as an expense in the income statement. The recoverable amount used for impairment testing is the higher of value in use and fair value less costs of disposal.

Impairment testing is initially performed at the individual asset level. The impairment test is then performed at the Cash Generating Unit ("CGU") level whereby the carrying value of each CGU is compared with its recoverable amount. Should an impairment at a CGU level be detected, then the impairment is allocated against the CGU individual assets, initially against any Goodwill then against the other assets.

## Velocys Limited

### Notes to the consolidated financial statements (continued)

A CGU represents the lowest operating structure level for which there are separately identifiable cash inflows that are largely independent of other operating units. The Company has one CGU on the basis that the key end use market is that of sustainable transport fuels production. At this stage, the sustainable transport fuels segment represents 100% of the business and therefore represents the only material segment. Based on management's judgement, all products and services offered within the operating segment have similar economic characteristics.

An impairment loss in respect of Goodwill is not reversed. An impairment loss in respect of other intangible assets is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the loss was recognised, or if there has been a change in the estimate used to determine the recoverable amount. A loss is reversed only to the extent that the asset's carrying amount does not exceed that which would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### Financial instruments

##### a) Financial assets and liabilities

Financial assets and liabilities are classified, upon initial recognition, as measured at amortised cost, fair value through other comprehensive income ("OCI") or fair value through profit or loss. Financial assets and financial liabilities are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets and financial liabilities.

The classification of financial assets and financial liabilities at initial recognition depends on the financial assets' and financial liabilities' contractual cash flow characteristics and the Company's business model for managing them. In order for a financial asset or financial liability to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' ("SPPI") on the principal amount outstanding. A financial asset or financial liability that is not SPPI is classified and measured at fair value through profit and loss. This assessment is performed on an instrument by instrument basis.

The Company's business model for managing financial assets and financial liabilities establishes how it manages its financial assets and financial liabilities in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets and financial liabilities classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets and financial liabilities classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

A financial asset or financial liability is generally derecognised when the contract that gives rise to it has been settled, sold, cancelled or has expired.

##### *Interest-bearing deposits*

Interest-bearing deposits, principally comprising funds held with banks and other financial institutions with contractual cash flows that are SPPI, and held in order to collect contractual cash flows are held at amortised cost using the effective interest method.

##### *Impairment of financial assets*

At each balance sheet date, the Company recognises provisions for expected credit losses on financial assets measured at amortised cost, based on 12-month or lifetime losses depending on whether there has been a significant increase in credit risk since initial recognition. The simplified approach, based on the calculation and recognition of lifetime expected credit losses, is applied to contracts that have a maturity of one year or less including trade receivables.

When determining if there has been a significant increase in credit risk since initial recognition, the Company considers reasonable and supportable information that is relevant and available. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, including forward-looking information. Such forward-looking information takes into consideration the forecast economic conditions expected to impact the outstanding balances at the balance sheet date. A financial asset is written off when there is no reasonable expectation of recovery, such as the customer having filed for liquidation.

## Velocys Limited

### Notes to the consolidated financial statements (continued)

#### **b) Cash and cash equivalents**

Cash and cash equivalents includes deposits with any qualifying financial institution repayable on demand or maturing within three months of the date of acquisition and are which are subject to an insignificant risk of change in value

#### **Taxation**

Current income tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities, based on tax rates and laws that are enacted or substantially enacted at the balance sheet date

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax assets are only recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or the liability is settled, based on tax rates enacted or substantially enacted at the balance sheet date

Income tax is charged or credited directly to equity if it relates to items that are charged or credited directly to equity. Otherwise income tax is recognised in the income statement

#### **Inventories**

Inventories are stated at the lower of cost or net realisable value, less provision for impairment. Cost is determined on a first-in, first-out basis and includes delivery costs whilst excluding variable payments contingent on future events. In the case of manufactured products, cost includes all direct expenditure including production overheads. Where necessary, provision is made for obsolete, slow-moving and defective inventories

Items purchased for use in externally funded research and development projects are expensed immediately. Items held for the Company's own development are also expensed when acquired

#### **Share-based payments**

Madison Bidco Limited operates a share-based employee incentive plan in which certain of the Company's employees participate. The employee awards are granted under a scheme operated by Madison Bidco Limited and represents rights over its non-voting ordinary shares. The cost of these awards is recharged from Madison Bidco Limited to the Company's employing companies for their respective share of the charge which is then recognised in employee costs. The awards create a capital contribution in equity

#### **Provisions**

Provisions are made when an obligation exists for a present liability in respect of a past event and where the amount of the obligation can be reliably estimated and where it is considered probable that an outflow of economic resources will be required to settle the obligation. Where it is not considered probable that there will be an outflow of economic resources to settle the obligation, the Company does not recognise a provision but discloses the matter as a contingent liability. The Company considers whether each matter is probable that there will be an outflow of economic resources to settle the obligation at each reporting date

Other employee related provisions are recognised for direct expenditures of a business reorganisation such as severance payments (restructuring provisions) where plans are sufficiently detailed and well advanced, and where appropriate communication to those impacted has been undertaken as at the balance sheet date

#### **Revenue recognition**

The Company's revenue is generated from performing engineering services, the selling of a technology licence and for the supply of equipment (namely Fischer-Tropsch reactors and the catalyst required during the operation of the reactors)

Contracts with the Company provide a technology licence agreement for the use of its intellectual property associated with the reactors and catalyst, over which the Company holds a significant number of patents. The majority of the Company's revenue is expected to be derived from a small number of significant commercial customers and development partners

## Velocys Limited

### Notes to the consolidated financial statements (continued)

Revenue is recognised when the Company satisfies a performance obligation by transferring promised goods or services to a customer. The sales income related to sales of reactors and catalyst will be recognised as the performance obligations are satisfied.

Revenue from engineering services is earned on a time and materials basis and is recognised as the work is performed, provided that it does not relate to the sale of equipment and therefore is bound by the performance obligations of that sale.

If the entity is providing a single performance obligation in the form of an integrated set of activities, each contract is assessed to determine if it meets the criteria for recognition over time. This would require the contract to either transfer control of the combined output over time or for the entity to have an enforceable right of payment for the performance completed to date for activities that do not create an asset with alternative use.

#### Government grants

Income from government grants is recognised only when there is reasonable assurance that (a) the Company has complied with any conditions attached to the grant and (b) the grant will be received. Income received is shown as part of Other Income.

#### Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make certain critical accounting judgements and use key sources of estimation that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Actual results in the future may differ from estimates upon which financial information has been prepared. These underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The accounting judgements and estimates that have a significant impact on the results of the Company are set out in the table below, and full details are provided in the relevant note to the financial statements.

Item involving a critical estimate or judgement	Note
Property, plant and equipment – impairment assessment	15
Right-of-use asset – impairment assessment	16
Intangible assets – impairment assessment	17
Inventories – impairment assessment	19

#### New accounting standards adopted by the Company

The Company has not applied any new accounting standards during the year ended 31 December 2024 or 2023.

#### New accounting standards in issue but not yet effective

At the date of authorisation of these consolidated financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Company and no Interpretations have been issued that are applicable and need to be taken into consideration by the Company at either reporting date.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's consolidated financial statements.

#### Financial risk management policies

Financial risk management policies are set out in note 27.

#### Capital management policies

Capital management policies are set out in note 27.

## Velocys Limited

### Notes to the consolidated financial statements (continued)

#### 3. Exceptional items

Exceptional items are those that in management's view need to be disclosed by virtue of their size or nature. The following amounts recognised are for items deemed to be exceptional:

	Note	2024 £'000	2023 £'000
Impairment charge for property, plant and equipment	15	(6,211)	-
Impairment charge for right-of-use assets	16	(4,306)	-
Write off charge for inventory	19	(381)	-
Impairment charge for onerous contracts	24	(792)	-
		<u>(11,690)</u>	<u>-</u>

These charges relate to the closure of the US manufacturing facility. There were no items deemed to be exceptional in 2023.

#### 4. Revenue

	2024 £'000	2023 £'000
Engineering services	<u>158</u>	<u>61</u>
Total	<u>158</u>	<u>61</u>

Revenue from engineering services is earned over time as the services are performed.

#### 5. Operating expenses

	2024 £'000	2023(R) £'000
Employee costs (note 6)	7,843	7,949
Project engineering and consultancy costs	6,027	14,884
Facilities and administration	1,327	3,880
Patents and IP related costs	162	134
Insurance	790	474
Legal and professional services	1,483	1,256
Travel	658	484
Depreciation of property, plant and equipment (note 15)	716	548
Depreciation of right-of-use asset (note 16)	640	612
Amortisation of intangible assets (note 17)	167	186
Foreign exchange (gains)/losses	<u>1</u>	<u>99</u>
	<u>19,814</u>	<u>30,506</u>

Included in operating expenses were research and development costs of £3,950,000 (2023: £3,608,000).

Velocys Limited

Notes to the consolidated financial statements (continued)

6. Employee costs and numbers

**Pensions**

The company operates various defined contribution pension schemes for its employees. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefit derived from the current and prior periods. The amount charged to the Consolidated income statement in respect of pension costs and other post-retirement benefits represents the contributions payable in the year. Differences between contributions payable and contributions actually paid are accrued. The company has no further payment obligations once the contributions have been paid. As at 31 December 2024 the total amount accrued was £51,000 (2023 £53,000)

The average number of persons employed during the year was as follows

	2024 Number	2023 Number
Technical and engineering	34	21
General and administration	20	20
	<u>54</u>	<u>41</u>

Employee costs during the year were as follows

	2024 £'000	2023 (R) £'000
Wages and salaries	5,784	6,974
Short-term non-monetary benefits	643	574
Social security contributions and similar taxes	648	634
Defined contribution pension costs	331	302
Settlement costs	499	57
Share based payments (see note 14)	96	(554)
Total remuneration before reclassification of wages and salaries	8,001	7,987
Allocation of wages and salaries (Cost of sales)	<u>(158)</u>	<u>(38)</u>
	<u>7,843</u>	<u>7,949</u>

Short-term non-monetary benefits are in respect of health insurance benefits provided to employees and the amounts paid for workers compensation policies in respect of US based employees

The reclassification of wages and salaries relates to employees who provide engineering services to customers

**Velocys Limited**  
**Notes to the consolidated financial statements (continued)**

**7. Directors' remuneration**

Aggregate emoluments excluding contributions to defined contribution pension plans for current and former directors for the year ended 31 December 2024 totalled £1,241,000 (2023 £1,188,000) Pension contributions were £4,877 (2023 £5,320)

Kevin Bone, Josh Dienstag, May Liew and Kimberley Tan received no remuneration

The highest paid director who held office in the year ended 31 December 2024, received the following remuneration

	2024	2023(Resta ted)
	£'000	£'000
Salary	321	322
Severance related costs	328	-
Short-term non-monetary benefits	9	11
Bonus *	78	225
Defined contribution pension costs	<u>5</u>	<u>5</u>
	<u>741</u>	<u>563</u>

Prior year value updated to reflect bonus paid rather than the amount accrued Disclosure in respect of prior period restatement can be found in note 33, prior period adjustments

None of the directors exercised share options in the year ended 31 December 2024 (2023 nil)

**8 Auditors' remuneration**

	2024	2023
	£'000	£'000
Audit of the parent company and consolidated financial statements - current year	250	320
Audit of the parent company and consolidated financial statements -- for prior year	39	11
Review of the interim consolidated financial statements - current year	<u>18</u>	<u>33</u>
	<u>307</u>	<u>364</u>

The directors of the company have agreed with the company's auditors that the auditor's liability to damages for breach of duty in relation to the audit of the company's financial statements for the year to 31 December 2024 and the financial statements of Velocys Limited (the 'company') will be limited to the greater of £5million or 5 times the auditor's fees for the statutory audits, and that, in any event, the auditor's liability for damages will be limited to that part of any loss suffered by the company as is just and equitable having regard to the extent to which the auditor, the company, and any third parties are responsible for the loss in question The shareholders approved this liability limitation agreement, as required by the Companies Act 2006, by a resolution dated 18 December 2024

	2024	2023
	£'000	£'000
<b>9. Other income</b>		
Income from government grants	1,009	14,699
Profit on sale of property, plant and equipment	<u>16</u>	<u>-</u>
	<u>1,025</u>	<u>14,699</u>

Velocys Limited

Notes to the consolidated financial statements (continued)

10. Finance income

	2024 £'000	2023 £'000
Interest income on bank deposits	33	46
Foreign exchange gains	<u>573</u>	<u>-</u>
	<u>606</u>	<u>46</u>

11. Finance expense

	2024 £'000	2023 £'000
Interest on lease liabilities	368	251
Interest on other financial liabilities	1,133	1,155
Foreign exchange losses	<u>-</u>	<u>860</u>
	<u>1,501</u>	<u>2,266</u>

12. Income tax credit

	2024 £'000	2023 £'000
<b>Current tax</b>		
R&D tax credit relating to prior years	-	9
Prior year adjustment	103	-
R&D tax credit relating to current year	<u>(762)</u>	<u>(643)</u>
Current tax total	<u>(659)</u>	<u>(634)</u>

Due to the availability of losses incurred in the year, there is no charge to corporation tax. The R&D tax credits are claimed by two UK entities that have qualifying expenditure under the UK R&D tax credit scheme.

The actual tax credit for the current and previous year is lower than the notional amount that would arise using the weighted average tax rate applicable to the results of the consolidated entities, for the reasons set out in the following reconciliation:

Velocys Limited

Notes to the consolidated financial statements (continued)

	2024 £'000	2023 (R) £'000
Loss before income tax	(31,374)	(17,198)
Notional amount of tax calculated at domestic rates (for UK and US)	<u>(7,973)</u>	<u>(2,790)</u>
Tax effects of		
• Expenses not deductible for tax purposes	8,199	715
• Remeasurement of deferred tax for changes in tax rates	-	(93)
• Unutilised tax losses for which no deferred tax asset is recognized	3,655	3,603
• Non-taxable income	(4,927)	-
• R&D tax charge relating to prior years	-	9
• R&D tax credit relating to current year	(431)	(643)
• R&D expenditure credits	110	-
• Additional deduction for R&D expenditure	(383)	-
• Surrender of tax losses for R&D tax credit refund	498	-
• Adjustment to prior year tax charge	103	-
• Adjustment to prior year tax charge – deferred tax	111	-
• Difference in overseas tax rate	364	-
• Fixed asset timing differences	<u>13</u>	<u>-</u>
Actual income tax total	<u>(661)</u>	<u>(801)</u>

The weighted average applicable tax rate was 25.0% (2023: 23.5%)

Velocys Limited

Notes to the consolidated financial statements (continued)

13. Deferred tax

Deferred tax is not recognised in the financial statements for the year ended 31 December 2024 or for the comparative period

Unrecognised deferred tax assets were as follows

	2024 £'000	2023 £'000
Trading losses	40,177	39,793
Fixed asset timing differences	21	-
Share-based payments	<u>101</u>	<u>-</u>
	<u>40,299</u>	<u>39,793</u>

£20,851,488 of the unrecognised deferred tax asset (2023: £19,621,000) is anticipated to remain available indefinitely to offset against future taxable trading profits of the entities in which the losses arose. The remainder has expiry dates between 2026 and 2036 (2023: 2025 and 2037).

The unrecognised deferred tax asset of £nil (2023: £nil) in respect of share-based payments is calculated by reference to the intrinsic value of outstanding share options at the balance sheet date.

14. Share-based payments

Share option schemes managed by Velocys Limited

As a result of the acquisition of Velocys Limited (formerly Velocys plc) by Madison Bidco Limited (Madison) in January 2024, option holders in the Company's share option schemes were notified of the terms agreed under a Court-sanctioned Scheme of Arrangement ("the Scheme") which set out the legal conditions of the takeover.

The Scheme had implications for holders of vested and unvested share options in Velocys plc, who were notified that a conditional exercise period would commence on 22 December 2023 and run until 9 January 2024.

During this period, all vested options could be conditionally exercised, the condition being that the acquisition of the whole of the share capital of Velocys plc by Madison took place as expected. The terms of the conditional exercise period were that all non-vested options lapsed in 2023 at the start of this period, and that all vested options would either be exercised during the period or would lapse at the end of the period if they had not been exercised.

During the conditional exercise period, none of the option holders exercised their options, due to the Company's share price of around 0.2 pence being significantly below the option exercise prices. Therefore, all of the options outstanding at 31 December 2023 are shown as lapsing in the year ended 31 December 2024.

The fair value of options is charged to the income statement during the vesting period. If they do not vest, all amounts previously charged to the income statement for these options are reversed. This led to a contribution being made to the income statement in 2023 of £554,000.

A share-based payments reserve of £683,000 remained within the Company's total equity at 31 December 2023 and this was released to the accumulated income/(loss) during the year ended 31 December 2024.

Velocys Limited

Notes to the consolidated financial statements (continued)

	2024 Outstanding options	2024 Income statement	2023 Outstanding options	2023 Income statement
	Number	£'000	Number	£'000
(1) Employees (special awards)	-	-	9,223,332	(66)
(2) LTIP (executives and senior management)	-	95	18,602,947	(488)
(3) Other (consultants)	-	-	183,125	-
<b>At 31 December</b>	-	95	28,009,404	(554)

The options outstanding at 31 December 2023 had the following expiry dates and range of exercise prices

	Year of expiry	Range of exercise prices	Weighted average exercise price	Number of options
(1) Employees (special awards)	2024	3 0p-202 63p	4 50p	9,223,332
(2) LTIP (executives and senior management)	2024	1 0p-163 50p	6 56p	18,602,947
(3) Other (consultants)	2024	105 25-145 25p	112 37p	183,125

(1) Employees

Movements in the number of options outstanding and their weighted average exercise prices were as follows

	2024 Weighted average exercise price	2024 Number of options	2023 Weighted average exercise price	2023 Number of options
At 1 January	4 50p	9,223,332	8 54p	16,453,768
Granted	-	-	2 52p	4,500,000
Forfeited or expired	4 50p	(9,223,332)	9 14p	(11,730,436)
<b>At 31 December 2024</b>	-	-	4 50p	9,223,332

All of the options outstanding at 31 December 2023 were exercisable

Velocys Limited

**Notes to the consolidated financial statements (continued)**

*(2) LTIP*

Movements in the number of options outstanding and their weighted average exercise prices were as follows

	2024 Weighted average exercise price	2024 Number of options	2023 Weighted average exercise price	2023 Number of options
At 1 January	6.56	18,602,947	8.01p	39,503,754
Granted	-	-	2.50p	50,782,000
Forfeited or expired		(18,602,947)	4.48p	(71,682,807)
At 31 December 2024	-	-	6.56p	18,602,947

All of the options outstanding at 31 December 2023 were exercisable

*3) Other*

Movements in the number of options outstanding and their weighted average exercise prices were as follows

	2024 Weighted average exercise price	2024 Number of options	2023 Weighted average exercise price	2023 Number of options
At 1 January	112.37	183,125	112.37p	183,125
Forfeited or expired	112.37	(183,125)	-	-
At 31 December 2024	-	-	112.37p	183,125

All of the options outstanding at 31 December 2023 were exercisable

**Share option scheme managed by Madison Bidco Limited**

Madison Bidco Limited operates a share-based employee incentive plan in which certain of the Company's employees participate. The employee awards are granted under a scheme operated by Madison Bidco Limited and represents rights over its non-voting ordinary shares.

Options vest over a 5 year period with 20% of the options vesting on the first anniversary of the grant date and the remainder vesting on a daily basis over the following four years. The options expire within 10 years of the grant date.

The Company has recorded the share-based payment charge, based on Black Scholes valuation methodology, passed down from Madison, which was £95,000 for the year ended 31 December 2024 (2023: £nil).

Velocys Limited

Notes to the consolidated financial statements (continued)

15. Property, plant and equipment

	Assets under construction £'000	Land £'000	Plant and machinery £'000	Total £'000
<b>2024</b>				
<b>Cost</b>				
At 1 January 2024	2,018	9,820	10,544	22,382
Additions	1,188	-	1,611	2,799
Disposals	-	-	(5,042)	(5,042)
Transfer between categories	(819)	-	819	-
Foreign exchange	33	-	174	207
<b>At 31 December 2024</b>	<b>2,420</b>	<b>9,820</b>	<b>8,106</b>	<b>20,346</b>
<b>Accumulated depreciation and impairment</b>				
At 1 January 2024	-	-	8,003	8,003
Charge for the year	-	-	649	649
Disposals	-	-	(5,042)	(5,042)
Impairment	2,218	-	4,071	6,289
Foreign exchange	-	-	132	132
<b>At 31 December 2024</b>	<b>2,218</b>	<b>-</b>	<b>7,813</b>	<b>10,031</b>
<b>Net book value</b>				
<b>At 31 December 2024</b>	<b>202</b>	<b>9,820</b>	<b>293</b>	<b>10,315</b>
<b>2023</b>				
<b>Cost</b>				
At 1 January 2023	46	9,820	10,673	20,539
Additions	2,016	-	1,977	3,993
Disposals	-	-	(1,627)	(1,627)
Transfer between categories	(42)	-	42	-
Foreign exchange	(2)	-	(521)	(523)
<b>At 31 December 2023</b>	<b>2,018</b>	<b>9,820</b>	<b>10,544</b>	<b>22,382</b>
<b>Accumulated depreciation and impairment</b>				
At 1 January 2023	-	-	9,535	9,535
Charge for the year	-	-	548	548
Disposals	-	-	(1,616)	(1,616)
Foreign exchange	-	-	(464)	(464)
<b>At 31 December 2023</b>	<b>-</b>	<b>-</b>	<b>8,003</b>	<b>8,003</b>
<b>Net book value</b>				
<b>At 31 December 2023</b>	<b>2,018</b>	<b>9,820</b>	<b>2,541</b>	<b>14,379</b>

## Velocys Limited

### Notes to the consolidated Financial statements (continued)

#### **Critical accounting judgements and estimates – impairment assessment**

In assessing whether there is any indication that assets may be impaired, management have considered both internal and external indicators of impairment

In the case of property, plant and equipment management considered whether

- There are observable indications that the asset's value has declined during the period significantly more than would be expected as a result of the passage of time or normal use,
- Significant changes with an adverse effect on the Company have taken place during the period, or will take place in the near future, in the technological, market, economic or legal/regulatory environment in which the Company operates,
- Evidence is available of obsolescence or physical damage of an asset
- Significant changes with an adverse effect on the Company have taken place in the period or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure an operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life on an asset as finite rather than indefinite

Following the strategic review underway at the year-end, a decision was taken to close the Company's manufacturing facility in Ohio, US and instead outsource all of the Company's manufacturing process to third parties. Many of the assets used in the manufacture of the reactor cores are bespoke pieces of equipment designed specifically for Velocys. The Company had also invested in leasehold improvements during the past three years to ensure the facility was constructed to support the specific needs of the manufacturing process. Therefore, the decision to outsource the manufacturing process (see note 32) has led to most of the equipment at the facility being obsolete.

Management has estimated the recoverable amount of these assets based on the fair value less costs of disposal and has determined it to be in the 5% to 10% range of the original cost. This estimate is based upon attempts to sell the assets on the second-hand market after the year-end either back to the original suppliers or other interested parties. Whilst some of the assets may be useful to potential third-party manufacturers, the Company has yet to appoint these. Furthermore, for the most likely manufacturing partner, this is likely to be unviable due to the international trade tariffs implemented by the US, China and other regions. Therefore, an impairment charge of £2,218,000 and £4,071,000 has been recorded in respect of Assets under construction and Plant and machinery respectively.

Any assets that cannot be recovered at all (e.g. leasehold improvements within the fabric of the building) have been impaired to nil net book value. Equipment assets that have the possibility of being sold second hand or for their scrap metal value have been impaired to a value of 5% of the original purchase cost, which management consider to be a realistic estimate based on the few examples sold in the past two months.

Velocys Limited  
Notes to the consolidated financial statements (continued)

**16. Right-of-use assets**

	Buildings	Total
	£'000	£'000
<b>2024</b>		
<b>Cost</b>		
At 1 January 2024	5,538	5,538
Additions	272	272
Disposals	(616)	(616)
Foreign exchange	83	83
<b>At 31 December 2024</b>	<b>5,277</b>	<b>5,277</b>
<b>Accumulated depreciation</b>		
At 1 January 2024	734	734
Charge for the year	648	648
Disposals	(557)	(557)
Impairment	4,305	4,305
Foreign exchange	4	4
<b>At 31 December 2024</b>	<b>5,134</b>	<b>5,134</b>
<b>Net book value</b>		
<b>At 31 December 2024</b>	<b>143</b>	<b>143</b>

	Buildings	Total
	£'000	£'000
<b>2023</b>		
<b>Cost</b>		
At 1 January 2023	2,088	2,088
Additions	5,031	5,031
Disposals	(1,499)	(1,499)
Foreign exchange	(82)	(82)
<b>At 31 December 2023</b>	<b>5,538</b>	<b>5,538</b>
<b>Accumulated depreciation</b>		
At 1 January 2023	1,689	1,689
Charge for the year	612	612
Disposals	(1,499)	(1,499)
Foreign exchange	(68)	(68)
<b>At 31 December 2023</b>	<b>734</b>	<b>734</b>
<b>Net book value</b>		
<b>At 31 December 2024</b>	<b>4,804</b>	<b>4,804</b>

Interest expense (included in finance costs) was £368,000 (2023 £251,000)  
The total cash outflow as a result of leasing activity was £447,000 (2023 £736,000)

**Critical accounting judgements and estimates – impairment assessment**

One of the Company's leased facilities is the Warner Road manufacturing site in Ohio, US. As a result of the decision to outsource the Company's manufacturing operations (see notes 15 and 32), the Company closed this site in March 2025 and the majority of employees were made redundant. The Company's lease for Warner Road has 13 years remaining but as the Company has no further use for this purpose built facility, it is in discussion with the landlord, realtors and other parties seeking alternative tenants for the property. At the date of signing these consolidated financial statements, management is unable to assess whether this process will be successful. Therefore, an impairment charge has been recorded as at 31 December 2024 to reduce the net book value of this right-of-use asset to £nil.

**Velocys Limited**  
**Notes to the consolidated financial statements (continued)**

The lease liabilities remain on the consolidated balance sheet in full, reflecting the Company's contractual commitment

	2024 £'000	2023 £'000
<b>Analysis of lease liabilities</b>		
In one year or less	580	603
In more than one year but not more than fifteen years	4,034	4,167
<b>Present value of lease liabilities</b>	<b>4,614</b>	<b>4,770</b>
Current portion	580	603
Non-current portion	4,034	4,167

The undiscovered maturity for leased assets in one year or less is £601,000 (2023 £626,000) and in more than one year, but not more than fifteen £6,812,000 (2023 £7,256,000)

**17. Intangible assets**

	Goodwill	In-process technology	Patents and licences	Software	Total
	£'000	£'000	£'000	£'000	£'000
<b>2024</b>					
<b>Cost</b>					
At 1 January 2024	7,398	23,681	2,857	109	34,045
Additions	-	-	274	-	274
Foreign exchange	-	-	20	-	20
<b>At 31 December 2024</b>	<b>7,398</b>	<b>23,681</b>	<b>3,151</b>	<b>109</b>	<b>34,339</b>
<b>Accumulated amortisation and impairment</b>					
At 1 January 2024	7,398	23,681	1,220	103	32,402
Charge for the year	-	-	169	-	169
Foreign exchange	-	-	14	-	14
<b>At 31 December 2024</b>	<b>7,398</b>	<b>23,681</b>	<b>1,403</b>	<b>103</b>	<b>32,585</b>
<b>Net book value</b>					
At 31 December 2024	-	-	1,748	6	1,754

	Goodwill	In-process technology	Patents and licences	Software	Total
	£'000	£'000	£'000	£'000	£'000
<b>2023</b>					
<b>Cost</b>					
At 1 January 2023	7,398	23,681	2,612	119	33,810
Additions	-	-	347	-	347
Disposals	-	-	(41)	(9)	(50)
Foreign exchange	-	-	(61)	(1)	(62)
<b>At 31 December 2023</b>	<b>7,398</b>	<b>23,681</b>	<b>2,857</b>	<b>109</b>	<b>34,045</b>
<b>Accumulated amortisation and impairment</b>					
At 1 January 2023	7,398	23,681	1,111	96	32,286
Charge for the year	-	-	170	16	186
Disposals	-	-	(23)	(9)	(32)
Foreign exchange	-	-	(38)	-	(38)
<b>At 31 December 2023</b>	<b>7,398</b>	<b>23,681</b>	<b>1,220</b>	<b>103</b>	<b>32,402</b>
<b>Net book value</b>					
At 31 December 2023	-	-	1,637	6	1,643

Velocys Limited

**Notes to the consolidated financial statements (continued)**

**Critical accounting judgements and estimates – impairment assessment**

The Company considers both qualitative and quantitative factors when determining whether intangible assets may be impaired. Whilst the strategic review and resulting restructuring have changed the nature and scale of the internal operations of the Company, the technology offered by the Company remains one of the most advanced FT solutions available. Given the strong demand for SAF, and mandates for its use becoming more extensive, it is very likely that the Company will secure a number of licensing contracts within the next two years.

Therefore, management have assessed that there is no evidence of impairment of the core intellectual property over which it holds a number of patents to ensure its strong competitive position.

**18. Commitments**

Commitments are not held on the Company's balance sheet as these are executory arrangements that relate to amounts that the Company is contractually required to pay in the future as long as the other party meets its contractual obligations.

The Company has also paid deposits to suppliers of £174,000 (2023: £971,000) for property, plant and equipment comprising long lead-time manufacturing and catalysis laboratory equipment in the year ended 31 December 2024, with commitments to make further payments of £825,000 (2023: £820,000) during 2025 under these contracts.

Therefore, total capital expenditure contracted for during the year ended 31 December 2024, but not yet recognized was as follows:

	2024 £'000	2023 £'000
Manufacturing equipment	610	562
Catalysis laboratory equipment	215	258
	<u>825</u>	<u>820</u>

**19. Inventories**

	2024 £'000	2023 £'000
Raw materials and consumables	-	117
Work in progress	-	399
Finished goods	596	714
	<u>596</u>	<u>1,230</u>

**Critical accounting judgements and estimates**

The Company has impaired the Raw materials and consumables and Work in progress inventory to £nil as these were for use in the manufacturing process at the closed facility in Ohio (see note 32).

Finished goods inventory, being reactors and catalyst charges for the reactors, is expected to be sold to customers in commercial contracts signed over the next two years. Whilst the inventory does not deteriorate over time and remains viable, the Company has recognised a 50% provision for slow moving inventory, so finished goods are stated net of a provision of £596,000 as at 31 December 2024.

As at 31 December 2023, the Company had a total inventory provision of £805,000.

Velocys Limited

Notes to the consolidated financial statements (continued)

20. Trade and other receivables

	2024 £'000	2023 £'000
Trade receivables	82	-
Prepaid costs	881	1,638
Grants receivable	-	1,267
Other receivables	178	672
	<u>1,141</u>	<u>3,577</u>

Other receivables consist of deposits paid to vendors and sales taxes recoverable

21. Cash and cash equivalents

Cash and cash equivalents includes current and deposit accounts held at call with banks

	2024 £'000	2023 £'000
Unrestricted cash	3,517	1,223
Restricted cash	<u>30</u>	<u>200</u>
	<u>3,547</u>	<u>1,423</u>

Bank balances were held in the following currencies

	2024 £'000	2023 £'000
UK sterling denominated	2,042	580
US dollar denominated	1,498	842
Euro denominated	<u>7</u>	<u>1</u>
	<u>3,547</u>	<u>1,423</u>

Velocys Limited

Notes to the consolidated financial statements (continued)

22 Provisions

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognised when the obligation is incurred, either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at management's best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

	2024 £'000	2023 £'000
Restoration provision	<u>193</u>	<u>184</u>
<b>Total</b>	<b><u>193</u></b>	<b><u>184</u></b>
	2024 £'000	2023 £'000
Current	7	7
Non-current	<u>186</u>	<u>177</u>
<b>Total</b>	<b><u>193</u></b>	<b><u>184</u></b>
	2024 £'000	2023 £'000
At 1 January	184	229
Additional provision in the year	-	171
Utilised provision in the year	-	(216)
Foreign exchange difference	<u>9</u>	<u>-</u>
<b>As at 31 December</b>	<b><u>193</u></b>	<b><u>184</u></b>

The restoration provision is in respect of the Company's leased premises in Columbus (Ohio), Houston (Texas) and Oxford (UK). Management have estimated the costs of restoring the buildings to the standard required, and in doing so have made cost estimates where quotes or purchase orders are not already in place. Whilst it is not possible to identify all rectification works whilst the building remains in use, management do not expect the total costs to exceed the estimated provision.

**Velocys Limited**  
**Notes to the consolidated financial statements (continued)**

**23. Financial liabilities**

**(a) Financing of land option**

Financial liabilities recognised at amortised cost	2024 £'000	2023 £'000
At 1 January	10,843	10,095
Interest expense	1,116	1,048
Payments made	<u>(500)</u>	<u>(300)</u>
<b>As at 31 December</b>	<b><u>11,459</u></b>	<b><u>10,843</u></b>

The Company signed a Call Option agreement with Foresight which gives it the right to re-purchase RDIL over a period of up to three years from the effective date of 23 March 2022. Quarterly option fees of £100,000 are due throughout the option period. Because the Company maintains significant control over RDIL's asset, namely the Immingham development site, throughout the option period, management have assessed that the most appropriate accounting treatment is to continue recognizing the asset and to account for a financing liability to Foresight.

**ii) Bridging loan from Carbon Direct Fund II LP**

Financial liabilities recognised at amortised cost	2024 £'000	2023 £'000
At 1 January	507	-
Initial fair value recognized	2,000	500
Interest expense	-	7
Converted to funding	<u>(2,507)</u>	<u>-</u>
<b>As at 31 December</b>	<b><u>-</u></b>	<b><u>507</u></b>

The Company received loan funding from one of the consortium members (Carbon Direct Fund II LP) that formed Madison as part of the ongoing negotiations at the end of 2023, ahead of the Company's subsequent acquisition by Madison. The bridging loan was novated from Carbon Direct Fund II LP to Madison post-acquisition and therefore now forms part of the balance of funding the Company has received from Madison.

**iii) Funding advance from parent company for ordinary shares to be issued**

Financial liabilities recognised at amortised cost	2024 £'000	2023 £'000
At 1 January	-	-
Initial amortised cost recognised	23,414	-
Bridging loan novated	2,507	-
Converted to equity	<u>(16,970)</u>	<u>-</u>
<b>As at 31 December</b>	<b><u>8,951</u></b>	<b><u>-</u></b>

The Company receives periodic funding from Madison, based upon agreed cash flow forecasts, and subsequently converted into equity when new ordinary shares are issued to Madison.

Velocys Limited

Notes to the consolidated financial statements (continued)

Financial liabilities fall due as follows

	2024 £'000	2023 £'000
Current	20,410	882
Non-current	-	10,468
<b>Total</b>	<b>20,410</b>	<b>11,350</b>

**24. Trade and other payables**

	2024 £'000	2023 (R) £'000
Trade payables	302	1,228
Other taxation and social security	317	101
Provision for onerous contracts	792	-
Accruals	903	4,565
	<b>2,314</b>	<b>5,894</b>

Trade payables are unsecured and are normally paid within 60 days of recognition. The carrying amounts of trade and other payables are considered to be reasonable approximations of their fair values, due to their short-term nature.

**25. Other liabilities**

Other current liabilities as at 31 December 2023 of £105,000 comprised amounts owed by the Company in respect of insurance policies covered by a financing arrangement.

Non-current liabilities of £160,000 as at 31 December 2024 (2023 £157,000) are in respect of a grant received from JobsOhio (US) which has been deferred until the employment commitments have been fulfilled. With the restructuring plan announced in March 2025, there is a possibility that this grant will be repayable once negotiations with management are concluded.

**26. Deferred revenue**

Deferred revenue consists of contract liabilities as a result of instances in which the Company receives payment from customers prior to the satisfaction of the performance obligation. Deferred revenue is allocated to the respective performance obligations based on relative transaction prices and is recognised as the performance obligation is satisfied.

The Company recognised the following liabilities associated with contracts with customers

	Total £'000
At 1 January 2023	206
Released deferred revenue	(61)
At 31 December 2023	145
Foreign exchange difference	2
At 31 December 2024	<b>147</b>

## Velocys Limited Notes to the consolidated financial statements (continued)

### 27. Financial Instruments

#### Financial risks

The Company's exposure to various risks associated with the financial instruments held is discussed below

#### Liquidity

The Company's cash usage is significant versus prospective future cash inflows and Velocys is reliant on the continuing support of its shareholder. The timing of net positive cash flows is difficult to predict given the variables which affect the speed with which the Company's reference projects and other clients' projects can proceed through engineering and construction phases and therefore generate recurring cash inflows.

Cash flow forecasts are reviewed monthly, cash balances are held immediately available as necessary, and surplus funds are placed on time deposits of varying duration.

Cash inflows may come from one, or a combination of, the following sources:

- Third-party revenues from engineering services, licensing and technology hardware sales,
- Strategic investment of development capital into reference projects, and
- Government grants

The Company's revenue stream relies on biorefinery projects incorporating its technology in the engineering design phases and securing project finance.

#### Capital management

The Company's capital management objectives are:

- To ensure the Company's ability to continue as a going concern,
- To preserve sufficient funds to protect it against unforeseen events and risks, and
- To pursue opportunities that can deliver shareholder returns

The Company does not currently pay any dividends due to the net loss making position.

The Company prepares operational budgets and cash flow forecasts which it discusses with its sole shareholder to set out its funding requirements. The shareholder provides cash funding to the Company based on approved forecasts and monitors accuracy of forecasts and potential risks which would impact the quantum of the funding required.

Velocys Limited

Notes to the consolidated financial statements (continued)

**Exchange rates**

A proportion of commercial activity and development costs are US-dollar denominated. Where possible, revenue is received in US dollars (USD) to act as a natural hedge against this exposure. Additionally, a proportion of liquid assets are held in US dollars. It should be noted that the functional currency for Velocys plc is pounds sterling.

The use of financial derivatives is governed by the Company's treasury policies, which are approved by the Board, and provide a set of written principles for the management of these risks. No financial derivatives were used during 2024 or 2023.

The table below illustrates the Company's sensitivity to changes in the US dollar exchange rate at the balance sheet date. The analysis covers only financial assets and liabilities.

	Income statement	2024 Equity	Income statement	2023 Equity
	£'000	£'000	£'000	£'000
GBP USD exchange rate +/- 10%	185	217	71	103

The Company's exposure to foreign currency risk was in respect of US dollar denominated balances at the end of the reporting period, and expressed in functional currency equivalent was as follows:

	2024 £'000	2023 £'000
Cash and cash equivalents	1,498	842
Trade receivables	-	366
Trade payables	227	256

**Credit risk**

The Company's credit risk is primarily attributable to its trade receivables, which are concentrated in a small number of customer accounts. This risk is managed by carrying out relevant financial checks on customers, and where necessary, requiring letters of credit or advance payments.

The credit risk of liquid funds is limited through a Company treasury policy, maintained to ensure that liquid assets are only placed with highly-rated institutions, and that the spread of such assets restricts exposure to any one counterparty. Risk is assessed using an external credit rating agency's long-term ratings.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Velocys Limited

Notes to the consolidated financial statements (continued)

**Interest rates**

Varations in interest rates affect only Velocys' cash holdings, as interest on its borrowing is payable at a fixed rate.

As far as the cash flow forecast allows for certainty, excess funds are placed on fixed rate term deposits. The effect of interest rates on exchange rates is not anticipated.

Financial assets are as follows.

	<b>31 December 2024</b>		
	<b>Assets at amortised costs</b>	<b>Assets at fair value through profit or loss</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Assets</b>			
Cash and cash equivalents	3,547	-	3,547
Trade receivables	82	-	82
Other receivables	178	-	178
<b>Total</b>	<b>3,807</b>	<b>-</b>	<b>3,807</b>

	<b>31 December 2023</b>		
	<b>Assets at amortised costs</b>	<b>Assets at fair value through profit or loss</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Assets</b>			
Cash and cash equivalents	1,423	-	1,423
Grants receivable	1,267	-	1,267
Other receivables	672	-	672
<b>Total</b>	<b>3,362</b>	<b>-</b>	<b>3,362</b>

**Velocys Limited**  
**Notes to the consolidated financial statements (continued)**

The credit risk of short-term investments, and cash and cash equivalents is summarised in the following table

	2024		2023	
	£'000	%	£'000	%
<b>Short-term bank deposits, cash at bank and in hand</b>				
Aa2	-	-	20	1
Aa3	21	1	-	-
A1	3,526	99	1,403	99
<b>Total</b>	<b>3,547</b>	<b>100</b>	<b>1,423</b>	<b>100</b>

Financial liabilities are as follows

31 December 2024	Financial liabilities at amortised cost £'000	Total £'000
<b>Liabilities as per balance sheet</b>		
Trade and other payables excluding non-financial liabilities	302	302
Accruals	903	903
Lease liabilities	4,614	4,614
Financial liabilities	20,410	20,410
Other liabilities	160	160
<b>Total</b>	<b>26,389</b>	<b>26,389</b>

31 December 2023 Restated	Financial liabilities at amortised cost £'000	Total £'000
<b>Liabilities as per balance sheet</b>		
Trade and other payables excluding non-financial liabilities Restated	5,894	5,894
Accruals	4,565	4,565
Lease liabilities	4,770	4,770
Financial liabilities	11,350	11,350
Other liabilities	262	262
<b>Total</b>	<b>26,841</b>	<b>26,841</b>

The contractual maturity of financial liabilities is as follows

	2024 £'000	2023 (R) £'000
Within one year	22,195	7,007
Within two to five years	4,194	15,168
<b>Total</b>	<b>26,389</b>	<b>22,175</b>

## Velocys Limited

### Notes to the consolidated financial statements (continued)

The financial liabilities payable within one year, consisting primarily of land option financing and parent company funding. Details of Financial liabilities are disclosed in note 23. Disclosure in respect of prior period restatement can be found in note 33, prior period adjustments.

#### 28. Issued share capital and share premium

Share capital and share premium include ordinary shares in Velocys Limited

	Number of shares	Ordinary shares	Share Premium
	(thousands)	£'000	£'000
At 1 January 2023	1,397,671	13,977	221,141
Proceeds from share issue	254,128	2,541	3,812
Expenses of share issue	-	-	(704)
<b>At 31 December 2023 and 1 January 2024</b>	<b>1,651,799</b>	<b>16,518</b>	<b>224,249</b>
Buyback of own shares	(137,856)	(1,379)	-
Proceeds from new shares issued – for buyback	34,464	345	-
Proceeds from new shares issued	1,697,014	16,970	-
<b>At 31 December 2024</b>	<b>3,245,421</b>	<b>32,454</b>	<b>224,249</b>

All shares have been issued, authorised and fully paid

Ordinary shares have a par value of 1 pence. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held.

Proceeds from new shares issued in the year ended 31 December 2024, including new shares to facilitate a share buy-back of the Company's own shares, were in respect of new ordinary shares issued to Madison Bidco Limited. The buy-back was a transaction for which a licence was obtained from the Office of Financial Sanctions Implementation (OFSI), a UK government agency. This enabled shares held by sanctioned shareholders of Velocys plc (now Velocys Limited) to be purchased and the consideration due to the sanctioned shareholders to be deposited into an escrow account overseen by OFSI. Therefore the Company is now wholly owned by Madison Bidco Limited.

In June 2023, when Velocys Limited (formerly Velocys plc) was listed on AIM, the Company completed a gross fundraising of £6,353,000 (£5,649,000 net of expenses). This constituted a Placing and Open Offer of the Company's ordinary shares at a price of 2.5 pence, which represented 9% of the enlarged ordinary share capital at that time.

No options to subscribe for ordinary shares of Velocys Limited have been granted in the year ended 31 December 2024 or are outstanding as at 31 December 2024 under the employee option schemes previously operated by the Company as these ceased to exist upon the acquisition of the Company by Madison Bidco Limited in January 2025 (see note 14).

Velocys Limited

Notes to the consolidated financial statements (continued)

29. Other reserves

	Merger reserve £'000	Capital contribution reserve £'000	Capital redemption reserve £'000	Share- based payments reserve £'000	Currency translation reserve £'000	Total £'000
At 1 January 2023	369	-	-	3,137	2,739	6,245
Foreign currency translation differences	-	-	-	-	650	650
Share-based payments – value of employee services	-	-	-	(554)	-	(554)
Transfer from share-based payments reserve	-	-	-	(1,900)	-	(1,900)
<b>At 31 December 2023 and 1 January 2024</b>	<b>369</b>	<b>-</b>	<b>-</b>	<b>683</b>	<b>3,389</b>	<b>4,441</b>
Foreign currency translation differences	-	-	-	-	(483)	(483)
Share-based payments – value of employee services	-	95	-	-	-	95
Transfer from share-based payments reserve	-	-	-	(683)	-	(683)
Proceeds from new shares issued	-	-	1,034	-	-	1,034
<b>At 31 December 2024</b>	<b>369</b>	<b>95</b>	<b>1,034</b>	<b>-</b>	<b>2,906</b>	<b>4,404</b>

**Capital contribution reserve**

The capital contribution reserve is in respect of the share-based payment charge received from Madison as the Company employs the staff to which the share options have been issued

**Capital redemption reserve**

The capital redemption reserve relates to the buyback of ordinary shares where the Company has issued new shares to fund the buyback of its own shares. This reserve is a statutory non-distributable amount that reflects the reduction in share capital due to the buyback.

**Currency translation reserve**

The currency translation reserve relates to the exchange differences arising from the retranslation of the results and opening net assets of foreign subsidiaries. Changes in the reserve are included in other comprehensive income.

**Share-based payments reserve**

The share-based payment reserve records the IFRS 2 charge for equity settled share-based payment awards.

30. Net cash/(debt) reconciliation

This section sets out an analysis of net cash/(debt) and the movements in net cash/(debt) for each of the periods presented.

	2024 £'000	2023 £'000
Cash and cash equivalents	3,547	1,423
Lease liabilities	(4,614)	(4,770)
Financial liabilities	(20,410)	(11,350)
<b>Net cash/(debt)</b>	<b>(21,477)</b>	<b>(14,697)</b>
Cash and cash equivalents	3,547	1,423
Gross debt – fixed interest rate	(25,024)	(16,120)
<b>Net cash/(debt)</b>	<b>(21,477)</b>	<b>(14,697)</b>

## Velocys Limited

## Notes to the consolidated financial statements (continued)

	Financial liabilities	Leases	Sub-total	Cash/bank overdraft	Total
	£'000	£'000	£'000	£'000	£'000
Net (debt)/cash as at 1 January 2023	(10,095)	(426)	(10,521)	13,383	2,862
Cash flows	(100)	774	674	(11,868)	(11,194)
Right-of-use lease asset non-cash movements	-	(4,867)	(4,867)	-	(4,867)
Interest	(1,155)	(251)	(1,406)	-	(1,406)
Foreign exchange adjustments	-	-	-	(92)	(92)
<b>Net (debt)/cash as at 31 December 2023 and 1 January 2024</b>	<b>(11,350)</b>	<b>(4,770)</b>	<b>(16,120)</b>	<b>1,423</b>	<b>(14,697)</b>
Cash flows	(7,927)	525	(7,419)	2,102	(5,317)
Right-of-use lease asset non-cash movements	-	-	-	-	-
Interest	(1,133)	(368)	(1,501)	-	(1,501)
Foreign exchange adjustments	-	-	-	(21)	(21)
<b>Net (debt)/cash as at 31 December 2024</b>	<b>(20,410)</b>	<b>(4,613)</b>	<b>(25,040)</b>	<b>3,504</b>	<b>(21,536)</b>

**31. Related party disclosures**

With the exception of transactions between the Company, its parent company and its wholly owned subsidiaries, there were no related party transactions in the year ended 31 December 2024.

**32. Post financial position events****Restructuring of operations**

In March 2025, the Company informed employees of a plan to restructure the Company's operations following a strategic review to evaluate how the Company could reduce its monthly outgoings whilst the Company focuses on securing revenue generating licensing contracts. 66% of employees were made redundant, with the majority of these roles exiting the Company by 31 March 2025.

The restructuring included a plan approved by the board to outsource manufacturing of all elements of the reactor rather than continue to build an in-house capability in the US. Therefore, the Company's leasehold manufacturing facility in Columbus, Ohio which had not yet produced commercial reactor cores, is closing as a result of this decision. A programme to decommission the facility and dispose of obsolete equipment commenced in April 2025 and is expected to take six to nine months.

Given that the plan was implemented shortly after the year-end, there was evidence that a number of assets were likely to be impaired. The Company has recorded exceptional items totalling £11,690,000 (see note 3).

**Advanced Fuels Fund Grant for Altalto project**

Altalto Limited has been awarded a tranche 3 Advanced Fuels Funds grant of £3m, from the Department for Transport for additional pre-feed work for the Altalto project.

**33. Prior period adjustment**

In April 2024, the Board approved the payment of the 2023 bonuses at an amount less than what was accrued in the 2023 financial statements. Due to management oversight, the bonus accrual disclosed in the 2023 financial statements was not revised to reflect the actual amount approved by the board of and subsequently paid. The error resulted in an overstatement of expenses recognised for the 2023 financial year and a corresponding overstatement of the trade and other payables on the statement of financial position.

## Velocys Limited

### Notes to the consolidated financial statements (continued)

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows

Statement of financial position (extract)	Note	31-Dec-23 £'000	Group Increase/ (Decrease) £'000	31 December 2023 (Restated) £'000
Trade and other payables	24	(5,894)	(781)	(6,675)
Accumulated losses		(240,120)	(781)	(240,901)
Total equity		<u>5,088</u>	<u>781</u>	<u>5,869</u>

Statement of Profit or loss (extract)	Note	2023 £'000	Profit Increase/ (Decrease) £'000	2023 (Restated) £'000
Operating expenses	5	(30,506)	781	(29,725)
Other income	9	14,699	-	14,699
Operating loss		(15,807)	781	(15,026)
Finance income	10	46	-	46
Finance costs	11	(2,266)	-	(2,266)
Net finance costs		(2,220)	-	(2,220)
Loss before income tax		(18,024)	781	(17,246)
Income tax credit	12	634	-	634
Loss for the financial year attributable to the owners of Velocys Limited		<u>(17,390)</u>	<u>781</u>	<u>(16,612)</u>
Basic and diluted loss per share (pence)		(1.13)	0.051	(1.075)

Statement of comprehensive income (extract)	2023 £'000	Profit Increase/ (Decrease) £'000	2023 (Restated) £'000
Loss for the year	(17,345)	781	(16,564)
Items that may be reclassified to the income statement in subsequent periods			
Foreign currency translation differences	650	-	650
Total comprehensive expense for the year attributable to the owners of Velocys Limited	<u>(16,695)</u>	<u>781</u>	<u>(15,914)</u>

**Velocys Limited**  
**Notes to the consolidated financial statements (continued)**

**Statement of changes in equity**  
**(extract)**

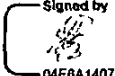
	Accumulated losses	Total equity	Profit Increase/ (Decrease)	Accumulated losses restated	Group Total equity restated
Note	£'000	£'000	£'000	£'000	£'000
At 1 January 2023	(224,675)	16,688	-	(224,675)	16,688
Loss for the year (Restated)	(17,345)	(17,345)	781	(16,564)	(16,564)
<i>Other comprehensive expense</i>					
Foreign currency translation differences	-	650	-	-	650
Total comprehensive income/(expense)	(17,345)	(16,695)	781	(16,564)	(15,914)
Transactions with owners	-	-	-	-	-
Share-based payments – value of employee services	-	(554)	-	-	(554)
Transfer from share-based payments reserve	1,900	-	-	1,900	-
Net proceeds from share issues	-	5,649	-	-	5,649
Total transactions with owners	1,900	5,095	-	1,900	5,095
At 31 December 2023 and 1 January 2024	(240,120)	5,088	781	(239,339)	5,869

**Velocys Limited**  
**Velocys Limited statement of financial position**  
**As at 31 December 2024**

	Note	2024 £'000	2023(Restated) £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	8	9,364	9,244
Property, plant and equipment	9	57	19
Right-of-use assets	10	-	120
<b>Total non-current assets</b>		<b>9,421</b>	<b>9,383</b>
<b>Current assets</b>			
Trade and other receivables	11	2,658	30,498
Current income tax asset	6	612	319
Cash and cash equivalents		1,152	478
<b>Total current assets</b>		<b>4,422</b>	<b>31,295</b>
<b>Total assets</b>		<b>13,843</b>	<b>40,678</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions		-	(7)
<b>Total non-current liabilities</b>		<b>-</b>	<b>(7)</b>
<b>Current liabilities</b>			
Trade and other payables	12	(9,784)	(6,064)
Lease liabilities	10	(73)	(123)
Other liabilities		-	(506)
Provisions		(7)	-
<b>Total current liabilities</b>		<b>(9,864)</b>	<b>(6,693)</b>
<b>Total liabilities</b>		<b>(9,864)</b>	<b>(6,700)</b>
<b>Net assets</b>		<b>3,979</b>	<b>33,978</b>
<b>Equity</b>			
Issued share capital	15	32,454	16,518
Share premium account	15	224,249	224,249
Capital redemption reserve	15	1,034	-
Capital contribution reserve		94	-
Share-based payments reserve		-	683
Accumulated losses		(253,852)	(207,472)
<b>Total equity</b>		<b>3,979</b>	<b>33,978</b>

Disclosure in respect of prior period restatement can be found in note 33, prior period adjustments. The notes on pages 52 to 61 are an integral part of these parent financial statements. The parent company's loss on ordinary activities after taxation and exceptional items was £31,382,052 (2023 £8,138,000)

The financial statements on pages 52 to 61 were approved by the board of directors on 25<sup>th</sup> September 2025 and signed on its behalf by

Signed by  
  
04E6A14076924F4  
**Matthew Viergutz**  
Director  
Registered number 05712187

Velocys Limited

**Velocys Limited statement of changes in equity**  
For the year ended 31 December 2024

	Note	issued share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital contribution reserve £'000	Share- based payments reserve £'000	Restated Accumulated losses £'000	Restated Total equity £'000
<b>At 1 January 2023</b>		13,977	221,141	-	-	3,137	(201,234)	37,021
Loss for the year Restated	19	-	-	-	-	-	(8,138)	(8,138)
<b>Total comprehensive expense</b>		-	-	-	-	-	(8,138)	(8,138)
<b>Transactions with owners.</b>								
Share-based payments – value of employee services	15	-	-	-	-	(554)	-	(554)
Transfer from share- based payments reserve	15	-	-	-	-	(1,900)	1,900	-
Net proceeds from share issues	15	2,541	3,108	-	-	-	-	5,649
<b>Total transactions with owners</b>		2,541	3,108	-	-	(2,454)	1,900	5,095
<b>At 31 December 2023 and 1 January 2024</b>		16,518	224,249	-	-	683	(207,472)	33,978
Loss for the year		-	-	-	-	-	(46,342)	(46,342)
<b>Total comprehensive expense</b>		-	-	-	-	-	(46,342)	(46,342)
<b>Transactions with owners.</b>								
Share-based payments – value of employee services	15	-	-	-	95	-	-	95
Transfer from share-based payments reserve	15	-	-	-	-	(683)	683	-
Buyback of own shares	15	(1,379)	-	-	-	-	-	(1,379)
Net proceeds from share issues	15	17,315	-	1,034	-	-	-	18,349
<b>Total transactions with owners</b>		15,936	-	1,034	95	(683)	683	17,065
<b>At 31 December 2024</b>		32,454	224,249	1,034	95	-	(253,131)	4,701

The notes on pages 49 to 57 are an integral part of these parent financial statements. Disclosure in respect of prior period restatement can be found in note 33, prior period adjustments.

## Velocys Limited

### Notes to the financial statements of Velocys Limited

For the year ended 31 December 2024

#### 1. General information

Velocys Limited is a holding company incorporated in England and Wales and domiciled in England. It operates through a number of subsidiaries in the UK and the US, and collectively they are referred to in the financial statements as the "Company" or "Velocys", with Velocys Limited as "Velocys Limited" or the "parent company".

#### 2. Material accounting policies

##### Basis of preparation

From 1 January 2024, the parent company, which previously prepared its financial statements in accordance with IFRS, has elected to prepare its financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS101) in order to take advantage of disclosure exemptions. The recognition and measurement criteria of FRS101 are the same as those within IFRS, but with reduced disclosure requirements. Accordingly there have been no restatements to the financial statements of the parent company in the year ended 31 December 2023 as a result of the change to FRS101.

The following disclosure exemptions from the requirements of IFRS have been applied in the preparation of the parent company's financial statements in accordance with FRS101:

- The requirements of paragraph 10(d), 38A and 111 of IAS1 'Presentation of financial statements'
- Paragraph 38 of IAS1 'Presentation of financial statements' – comparative information requirements in respect of
  - Paragraph 73(e) of IAS16, 'Property, plant and equipment',
  - Paragraph 57 of IAS16, 'Right-of-use leased asset',
- IAS7, 'Statement of cash flows', and
- IFRS7, 'Financial instruments: Disclosures'

The parent company has taken advantage of the legal dispensation contained in Section 408 of the Companies Act 2006 allowing it not to publish a separate income statement and related notes and not to publish a separate statement of other comprehensive income. The comprehensive loss for the parent company for the year was £5,307,000 (2023 £8,138,000).

##### Principal accounting policies

The principal accounting policies applied in the preparation of these parent company financial statements are the same as those of the Company unless otherwise specified. An additional accounting policy for investments in subsidiaries, only applicable to the parent company, is included below.

##### Going concern

The going concern of Velocys Limited is intrinsically linked to that of its subsidiaries, through which it trades in the UK and the US. The going concern basis of preparation is consistent with that set out for the Company. See note 2 of the consolidated financial statements.

##### Investments in subsidiaries

Investments in subsidiaries are held at historical cost less impairment. The net investment that the parent company has in its subsidiary undertakings is its interest in the net assets of that subsidiary.

The carrying amount is reviewed at the balance sheet date, or when events or changes in circumstance indicate their carrying value may not be recoverable, to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. To the extent the carrying amount exceeds the recoverable amount, the difference is recorded as an expense in the income statement. The recoverable amount used for impairment testing is the higher of the value in use and fair value less costs of disposal.

An impairment loss in respect of investments in subsidiaries is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised or if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed that which would have been determined if no impairment loss had been recognised.

## Velocys Limited

### Notes to the financial statements of Velocys Limited (continued)

#### Financial risk management policies

Financial risk management policies are set out in note 27 of the consolidated financial statements

#### Capital management policies

Capital management policies are set out in note 27 of the consolidated financial statements

#### Critical accounting judgements and estimates

In applying its accounting policies, the parent company is required to make certain judgements and estimates concerning the future. Although estimates are based on management's best knowledge of the amount and or timing, actual results ultimately may differ. The judgements and estimates that have the most significant effect on the amounts included in these financial statements are listed below and described in the relevant note

Items of critical estimate	Note
Investment in subsidiaries – impairment assessment	8
Trade and other receivables – expected credit loss assessment	11

#### Accounting developments

##### New and amended standards adopted by the parent company

There are no standards that are not yet effective and that would be expected to have a material impact on Velocys Limited in the current or future reporting periods or on foreseeable future transactions

### 3. Exceptional items

The following exceptional items have been included in the income statement (but eliminate and have no impact in the consolidated income statement)

	2024 £'000	2023 £'000
Impairment of loans due from subsidiaries (note 11)	<u>(41,188)</u>	<u>(36)</u>
	<u>(41,188)</u>	<u>(36)</u>

### 4. Employee benefit expense

#### Employees

The average monthly number of employees (including directors) was

	2024 Number	2023 Number
General and administration	11	11
Technical & Engineering	2	-
Total average headcount	<u>13</u>	<u>11</u>

#### Aggregate remuneration

	2024 £'000	2023 (R) £'000
Wages and salaries	1,514	2,805
Short-term non-monetary benefits	3	7
Social security contributions and similar taxes	290	325
Defined contribution pension costs	100	75
Settlement costs	378	-
Share-based payments granted to directors and employees of the parent company	-	(354)
Total employee benefit expense	<u>2,285</u>	<u>2,858</u>

## Velocys Limited

### Notes to the financial statements of Velocys Limited (continued)

#### Directors' remuneration

Please refer to note 7 of the consolidated financial statements for details of the remuneration paid to directors of the parent company

#### 5 Auditors' remuneration

Details of remuneration paid for the audit of the parent company are disclosed in note 8 of the consolidated financial statements

#### 6 Income tax

	2024 £'000	2023 £'000
<b>Current tax.</b>		
R&D tax credit relating to prior years	39	(1)
R&D tax credit relating to current year	(332)	(318)
Current tax total	(332)	(319)
Income tax total	<u>(293)</u>	<u>(319)</u>

Due to the availability of losses incurred in the year, there is no charge to corporation tax

The actual tax credit for the current and previous year is lower than the theoretical amount that would arise using the tax rate for the reasons set out in the following reconciliation

	2024 £'000	2023 (Restated) £'000
Loss before income tax	(24,926)	(8,459)
Tax calculated at domestic rate	<u>(6,231)</u>	<u>(1,990)</u>
<b>Tax effects of:</b>		
• Expenses not deductible for tax purposes	4,993	477
• Surrender of tax losses for R&D tax credit refund	498	-
• Adjustments to tax charge in respect of previous periods	39	-
• Adjustments to tax charge in respect of previous periods - deferred tax	(77)	-
• Fixed Asset Differences	13	43
• Remeasurement of deferred tax for changes in tax rates	-	(81)
• Unutilised tax losses for which no deferred tax asset is recognised	856	1,594
• R&D tax charge relating to prior years	-	(1)
• R&D tax credit relating to current year	(383)	(318)
<b>Total tax effect</b>	<u>5,939</u>	<u>1,714</u>
Income tax credit total	<u>(293)</u>	<u>(319)</u>

The weighted average applicable tax rate was 25% (2023 23.5%) Disclosure in respect of prior period restatement can be found in note 33, prior period adjustments

Velocys Limited

Notes to the financial statements of Velocys Limited (continued)

7. Deferred tax

As at 31 December 2024, the parent company has not recognised deferred tax assets or liabilities (2023 £nil)

	2024 £'000	2023 £'000
<b>Unrecognised deferred tax assets:</b>		
Fixed asset timing differences	(6)	-
Short term timing differences	(7)	-
Trading losses	(12,922)	(12,079)
<b>Total</b>	<u>(12,935)</u>	<u>(12,079)</u>

No recognition of the net deferred tax asset has been made at 31 December 2024 (2023 £nil) based on the uncertainty that exists over its recoverability due to uncertain future revenues and taxable profits and therefore there is no impact on the current or prior year's income statement

100% of the unrecognised deferred tax asset in respect of trading losses (2023 100%) is anticipated to remain available indefinitely to offset against future taxable trading profits

8. Investments in subsidiaries

	2024 £'000	2023 £'000
Investments in subsidiaries		
At 1 January	9,244	9,445
Capital contributions in respect of share-based payments	120	(201)
<b>At 31 December</b>	<u>9,364</u>	<u>9,244</u>

**Critical accounting judgements and estimates – impairment assessment**

In assessing whether the carrying value of the investments in subsidiaries is higher or lower than the recoverable amount, the parent company considers the fair value of the Velocys group. Since the parent company delisted from trading its ordinary shares on the AIM in January 2025, there is no published market-based capitalisation value upon which to form this assessment.

Management does not consider that a discounted cash flow model would be an appropriate valuation measure given the Company's unpredictable revenue stream and the wide range of probabilities involved in estimating it with any degree of accuracy.

Instead, management have prepared a number of valuations for the Company using three different perspectives:

- The cost of investment of Velocys Limited held by Madison Bidco Limited (which acquired the Company in January 2025),
- A fair value estimate of Madison (whose only investment is Velocys) based on the Black Scholes methodology used in the stock-based compensation calculation of Madison note 14 of the consolidated financial statements for an explanation of the scheme), and
- The total funding provided to the Company after the year-end through to November 2026, which represents the cash available from Madison to fund operations under the Company's most pessimistic forecast.

This has produced a range of valuations. Comparing the lowest valuation to the carrying value of the parent company's investments in subsidiaries of £9.4m demonstrates that there is no need for an impairment to be recorded as at 31 December 2024.

Should the Company be successful in securing additional customer licensing contracts or receives UK government grant funding under the Advanced Fuels Fund (for which it has applied for the Altair project) then less funding from Madison will be required during the forecast period through November 2026 and instead can be deployed to generate further value-adding opportunities.

**Velocys Limited**

**Notes to the financial statements of Velocys Limited (continued)**

Velocys Limited has direct investments in the following subsidiary undertakings

<b>Subsidiary</b>	<b>Country of incorporation or principal business address</b>	<b>Principal activity</b>	<b>% holding (ordinary share capital)</b>
Velocys Technologies Limited*	England and Wales	Exploitation of platform catalyst technologies	100
Velocys (USA Holdings) LLC**	United States	Holding company for US subsidiaries	100
Altalto Ltd*	England and Wales	UK reference project operations	100
Velocys Projects Ltd*	England and Wales	UK reference project operations	100

The parent company has given a guarantee to Velocys Technologies Ltd (Registration number 05258554), Velocys Projects Ltd (Registration number 11019805), Altalto Ltd (Registration number 11691469), Altalto Immingham Ltd (Registration number 11693030) which exempts the subsidiary from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of s479A

The following companies are indirectly owned subsidiaries of the parent company whose immediate parent is not Velocys plc

<b>Subsidiary</b>	<b>Country of incorporation or principal business address</b>	<b>Principal activity</b>	<b>% holding (ordinary share capital)</b>
Velocys, Inc **	United States	Design, development and exploitation of its microchannel technologies	100
VMH Assets LLC**	United States	Holder of manufacturing assets	100
Altalto Immingham Holdings Ltd*	England and Wales	UK reference project operations	100
Altalto Immingham Ltd*	England and Wales	UK reference project operations	100

The following are dormant subsidiaries

<b>Subsidiary</b>	<b>Country of incorporation or principal business address</b>	<b>Immediate parent company</b>	<b>% holding (ordinary share capital)</b>
Oxford Catalysts UK Limited*	England and Wales	Velocys plc	100
Oxford Catalysts Trustees Limited*	England and Wales	Velocys plc	100
Velocys Project Solutions, LLC***	United States	Velocys (USA Holdings) LLC	100
YellowRock GTL Services, LLC**	United States	Velocys (USA Holdings) LLC	100
Ashtabula Energy, LLC***	United States	Velocys Project Solutions, LLC	100
JAB Land-Ashtabula LLC**	United States	Ashtabula Energy, LLC	100
Westlake GTL, LLC**	United States	Velocys (USA Holdings) LLC	100
Taeda Holdings LLC**	United States	Velocys (USA Holdings) LLC	100
Taeda (Natchez) Holdings LLC**	United States	Taeda Holdings LLC	100
Bayou Fuels LLC**	United States	Taeda (Natchez) Holdings LLC	100

**Notes**

\* Located at Regus, John Eccles House, Robert Robinson Avenue, Science Park, Oxford, OX4 4GP, UK

\*\* Located at 8520 Warner Road, Plain City, OH 43064, USA

\*\*\* Located at 15721 Park Row Drive, Suite 150, Houston, TX 77084, USA

Velocys Limited

Notes to the financial statements of Velocys Limited (continued)

9. Property, plant and equipment

	Furniture and fixtures	Total
2024	£'000	£'000
<b>Cost</b>		
At 1 January 2024	69	69
Additions	158	158
<b>At 31 December 2024</b>	<b>227</b>	<b>227</b>
<b>Accumulated depreciation</b>		
At 1 January 2024	50	50
Charge for the year	97	97
Impairment	23	23
<b>At 31 December 2024</b>	<b>170</b>	<b>170</b>
<b>Net book value</b>		
<b>At 31 December 2024</b>	<b>57</b>	<b>57</b>

10 Right-of-use assets

	Buildings	Total
2024	£'000	£'000
<b>Cost</b>		
At 1 January 2024	469	469
Additions	272	272
Disposals	(469)	(469)
<b>At 31 December 2024</b>	<b>272</b>	<b>272</b>
<b>Accumulated depreciation</b>		
At 1 January 2024	349	349
Charge for the year	264	264
Disposals	(409)	(409)
Impairment	68	68
<b>At 31 December 2024</b>	<b>272</b>	<b>272</b>
<b>Net book value</b>		
<b>At 31 December 2024</b>	<b>-</b>	<b>-</b>

	2024	2023
Lease liabilities	£'000	£'000
Current liabilities	73	123

The total cash outflow in respect of leasing activity was £274,000 (2023 £168,000)

Velocys Limited

Notes to the financial statements of Velocys Limited (continued)

11. Trade and other receivables

	2024 £'000	2023 £'000
Amounts due from subsidiaries	2,307	30,001
Prepaid costs	308	423
Other receivables	43	74
	<u>2,658</u>	<u>30,498</u>

Amounts due from subsidiaries are unsecured loans that are not repayable on demand. The loans automatically renew for a period of twelve months from the anniversary date of 1 January each year. Interest is charged at a rate of 5%.

A loss allowance of £19,706,000 (2023: £36,000) was recognised in relation to the loans made to subsidiaries. At 31 December 2024 the total loss provision was £25,936,000 (2023: £6,230,000).

**Critical accounting judgements and estimates**

The parent company applies the general approach under IFRS9 when measuring Expected Credit Loss ("ECL") on loans due from subsidiaries. In accordance with IFRS9, the parent company determined that there had been a significant increase in credit risk during the year and the loans were categorised as stage 2.

As explained in the Strategic review, the Company had limited success in signing new commercial contracts during the year, with the only source of revenue being from engineering services provided to customers at the feasibility stage of projects.

The DevCap funding process was unsuccessful in raising the funds required for the reference projects to continue their respective FEED stage (front end engineering design). There was a tightening of the capital markets particularly for funding large capital projects at the same time as increased regulatory risk due to the new administration in the US deprecating investment incentives supporting the energy transition.

The Company undertook a strategic review around the year-end which triggered the restructuring of the Company's operations including the closure of the US manufacturing facility.

All of the above conditions cast doubt over whether the subsidiaries could generate sufficient cash flows to repay the accrued interest or loan principal, and there remains a continuing need for further funding from the parent company to fund operations of these subsidiaries.

Therefore, the expected credit loss calculation assumes a base case of partial (the loan plus interest less the impaired value in Ohio), a low case of complete loss and a high case of full recovery. The scenarios were weighted probabilistically with 20% weight for the low and high scenarios and 60% for the base case. As a result, a total provision of £32,166,000 has been recorded against the loans due from subsidiaries as at 31 December 2024 (2023: £6,230,000).

12. Trade and other payables

	2024 £'000	2023 (R) £'000
Trade payables	32	156
Accruals	596	3,137
Amounts owed to parent company	8,951	-
Amounts owed to subsidiaries	205	2,771
	<u>9,784</u>	<u>6,064</u>

Trade payables are unsecured and are normally paid within 60 days of recognition.

The carrying amounts of trade and other payables are considered to be reasonable approximations of their fair values, due to their short-term nature.

## Velocys Limited

### Notes to the financial statements of Velocys Limited (continued)

The amounts owed to the parent company is funding for working capital received in advance of new ordinary shares being issued to the parent company, Madison Bidco Limited. Typically, new shares are issued during the proceeding quarter and recorded as share capital within total shareholder's equity.

#### 13. Other liabilities

Other liabilities for 2024 are £nil (2023: £506,000)

The prior year, 2023, comprise amounts owed by the parent company in respect of corporate insurance policies covered by a financing arrangement.

#### 14. Financial instruments

The parent company classifies, measures and accounts for its financial assets in the same way as the Company as a whole as set out in note 27 to the consolidated financial statements.

The risks faced by the parent company are intrinsically linked to those of the Company as set out in note 27 to the consolidated financial statements. No mitigation of this risk is taken at the parent company level.

##### Assets – at amortised cost

	2024 £'000	2023 £'000
Cash and cash equivalents	1,152	478
Trade and other receivables excluding non-financial assets	43	497
Amounts due from subsidiaries	2,307	30,001

##### Liabilities – at amortised cost

	2024 £'000	2023(R) £'000
Trade and other payables excluding non-financial assets	32	156
Amounts owed to parent company	8,951	-
Amounts due to subsidiaries	205	2,771
Lease liabilities	73	123
Accruals	596	3,137
Other liabilities	-	506

#### 15. Issued share capital, share premium

Disclosures in respect of the share capital and share premium of Velocys Limited are provided in note 28 to the consolidated financial statements.

Disclosures in respect of share options outstanding and share-based payments are provided in note 14 to the consolidated financial statements.

## Velocys Limited

### Notes to the financial statements of Velocys Limited (continued)

#### 16. Related parties

Throughout the year ended 31 December 2023 the parent company was listed on AIM, during which Lansdowne Partners (UK) LLP, a substantial shareholder, subscribed for 71,405,393 placing shares at the placing price of 2.5 pence per share. The directors, having consulted with the Company's nominated advisor, considered that the terms of the related party transaction were fair and reasonable. Previous directors of the parent company, being Henrik Warebom, Philip Sanderson, Philip Holland, Ann Markey and Thomas Qugley, all of which were deemed to be a related party pursuant to the AIM Rules, subscribed for an aggregate of 2,400,000 placing shares at the placing price of 2.5 pence per share.

With the exception of transactions between the parent company and its wholly owned subsidiaries, there were no material related party transactions in the year ended 31 December 2024.

#### 17. Ultimate parent undertaking

The parent company's immediate and ultimate parent undertaking and controlling party as at 31 December 2024 is Madison Bidco Limited, which is incorporated in England and Wales.

#### 18. Post position financial events

Disclosures in respect to post financial position events are provided in note 32 to the consolidated financial statements.

#### 19. Prior Period Adjustment

In April 2024, the Board approved the payment of the 2023 bonuses at an amount less than what was accrued in the 2023 financial statements. Due to management oversight, the bonus accrual disclosed in the 2023 financial statements was not revised to reflect the actual amount approved by the board of and subsequently paid. The error resulted in an overstatement of expenses recognised for the 2023 financial year and a corresponding overstatement of the trade and other payables on the statement of financial position.

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

#### Statement of changes in equity (extract)

	Accumulated losses	Total equity	Company Profit Increase/ (Decrease)	Accumulated losses restated	Total equity restated
Note	£'000	£'000	£'000	£'000	£'000
At 1 January 2023	(201,234)	37,021	-	(201,234)	37,021
Loss for the year (Restated)	(8,138)	(8,138)	543	(7,595)	(7,595)
Total comprehensive income/(expense)	(8,138)	(8,138)	543	(7,595)	(7,595)
Transactions with owners					
Share-based payments – value of employee services	-	(554)			(554)
Transfer from share-based payments reserve	1,900	-		1,900	-
Net proceeds from share issues	-	5,649			5,649
Total transactions with owners	1,900	5,095	-	1,900	5,095
At 31 December 2023 and 1 January 2024	(207,472)	33,978	543	(206,929)	34,521

The parent company's loss on ordinary activities after taxation for 2023 has been restated to from £8,138,000 to £7,595,000 as a result of the prior period error.