



VERTICAL

[EVTL: Another SPAC with misleading partnerships, a controversial CEO, and an electric helicopter yet to fly]

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Stock Pitch 2022

Company Background

- **Description:** Vertical Aerospace is an electric eVTOL (electric vertical take-off and landing) aircraft OEM operating out of Bristol, United Kingdom.
- **Vision:** The company was founded in 2016 by serial entrepreneur Stephen Fitzpatrick with a vision to "change the way that people travel."
- **Products:** They have publicly developed three vehicles (pictured below), none of which have been delivered to the market.

VX1



VX2



VX4



End Markets

Vertical Aerospace believes their vehicles will operate as an "air-borne Uber," with helipads across the world serving as launch points for short-distance human transportation. In addition to this, the company sees their vehicles being utilized for:

Fire Fighting



Search & Rescue



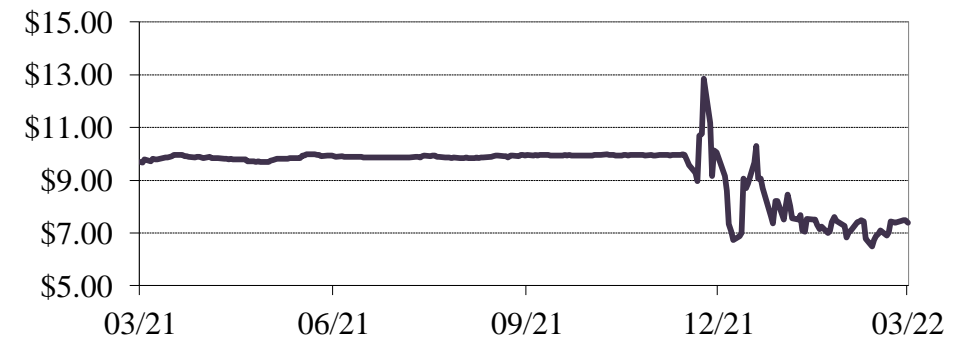
Tourism



Key Trading and Per Share Statistics

Ticker	EVTL
Share Price (As of X/XX close)	\$7.50
FDSO	259.3M
Market Cap.	\$1.94B
P/Sales	N/A
52 Wk. Range	\$6.29--\$18.24
EPS	\$-.89

Vertical Aerospace Ltd. (EVTL) - Share Price 1 Yr



Rating and Fair Value Projection

We are not confident in Vertical Aerospace Ltd.'s ability to generate a profit nor are we confident in their intentions to deliver returns to shareholders. We give EVTL a **SELL** rating with a Fair Value of **\$0 per share**.

Fundamental Shortcomings

In this case, "futuristic" should read "unrealistic." A much smaller than advertised TAM, unfavorable design changes, and poor management decisions will keep EVTL grounded indefinitely.

Promotional Partnerships

Big name partnerships and buzzwords drive retail interest. Partnerships with Microsoft, Rolls-Royce, and Honeywell look better in headlines than they do on the balance sheet.

Concerning Founder/CEO

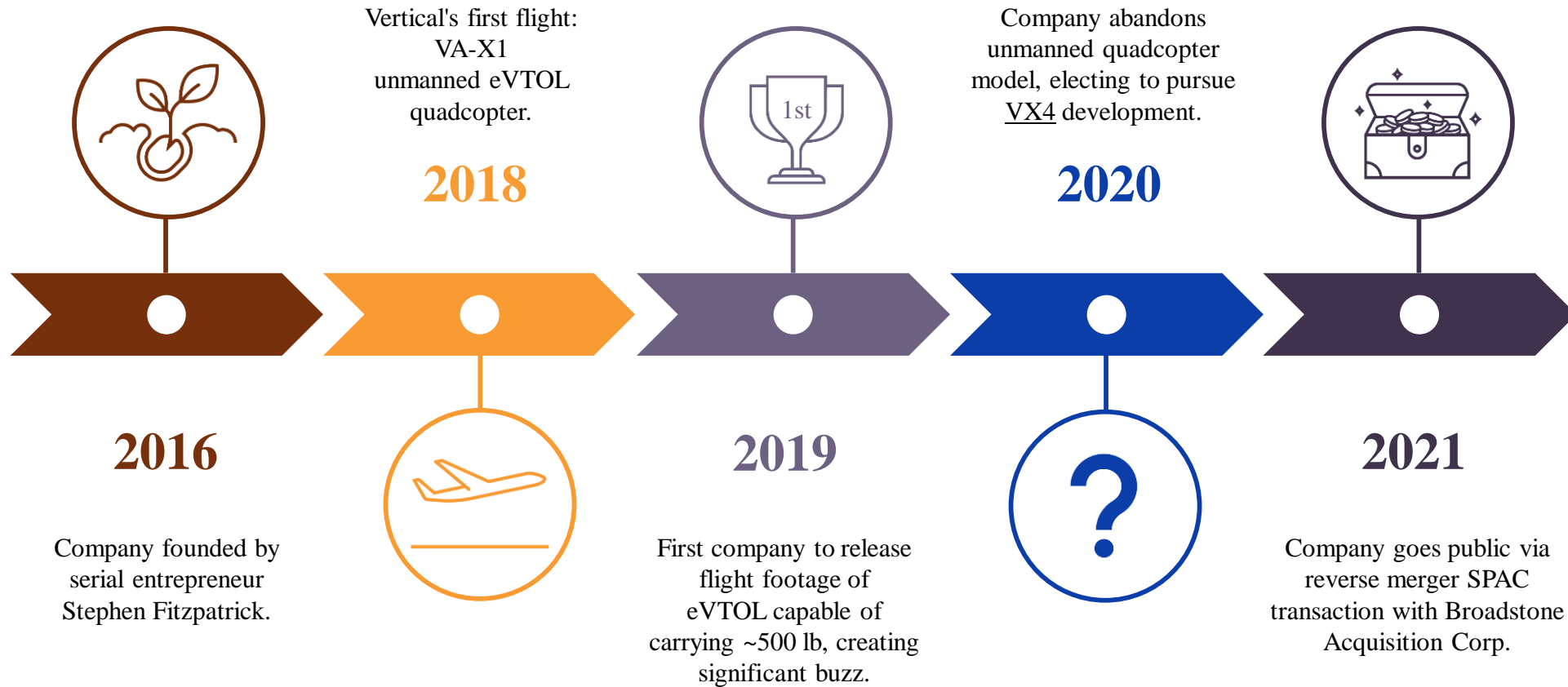
Stephen Fitzpatrick is a successful but highly controversial businessman. He's taken advantage of previous stakeholders and we don't believe this time is any different.

Just Another SPAC

An efficient way for public funding or a red-hot space for loose funding? Management is taking advantage of the current environment and easy valuations.

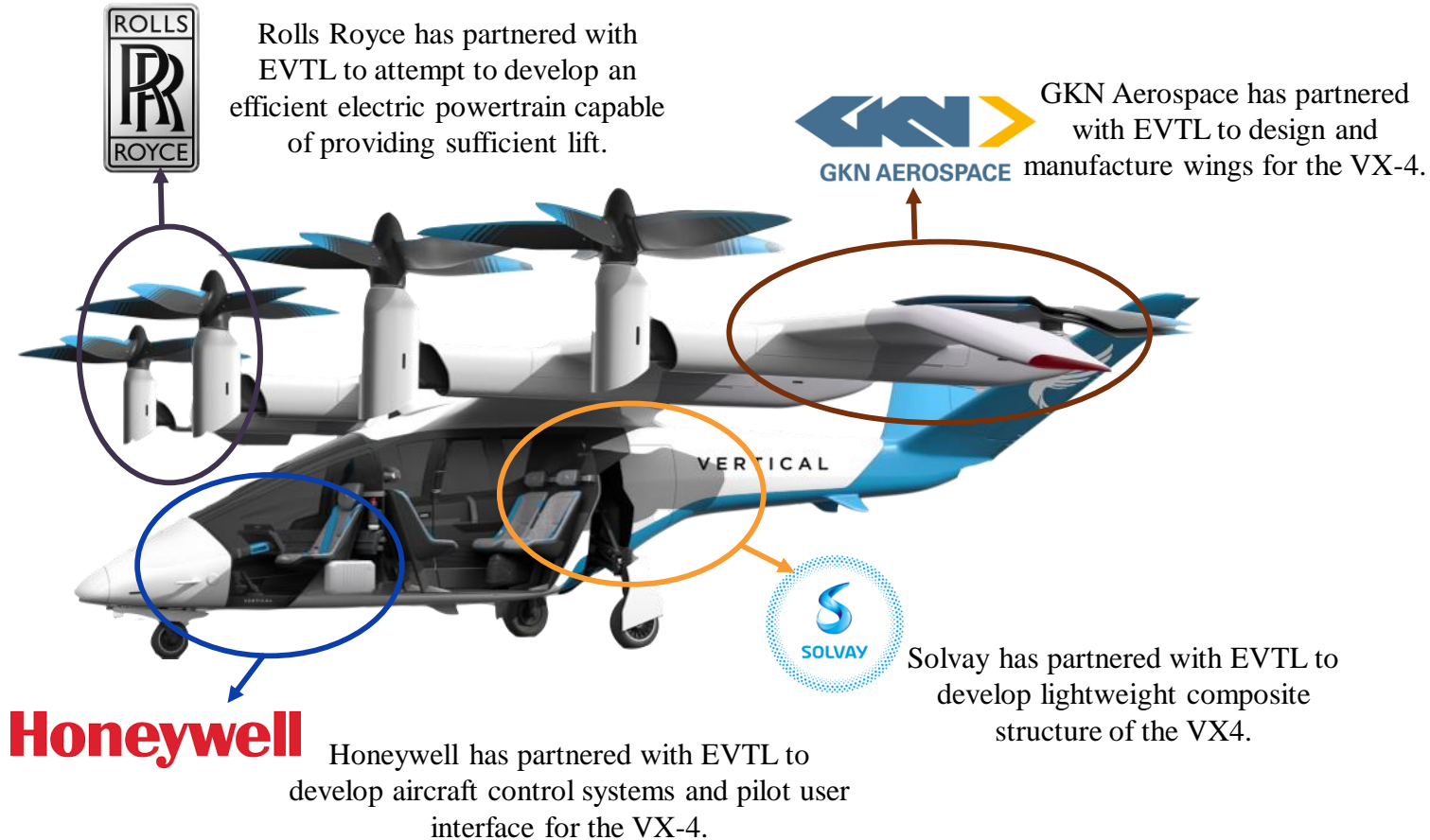
Our Perspective and Conclusion

We believe that EVTL is nothing more than another highly promotional SPAC meant to siphon money from unsuspecting retail investors for the personal profit of Founders and SPAC-Sponsors.



Why would a pioneer in the unmanned eVOTL space, considered by many experts to be much more practical and pragmatic, abandon their success and pivot to an experimental design with murky path to success...

Current Partnerships



-  American Airlines has partnered with EVTL to support certification and deployment.
-  Virgin Atlantic has partnered with EVTL to explore potential for joint venture of short haul eVOTL network.
-  Avolon has partnered with EVTL to collaborate on certification of aircraft.

Note: EVTL only owns intellectual property protections for the battery and rotor design of the VX4. All other IP is owned by partners.

Why would Vertical Aerospace outsource the development of such critical parts of its design, abandoning its internal development and IP protection model that led to success of VX1...

Reality of Agreements

- All EVTL partners are either contract manufacturers ("CM"), suppliers, or customers for the VX4 quadcopter
- Contract manufacturers – under agreements with EVTL – are developing proprietary technologies that they will own the IP for
 - **These designs are available to all competitors – both existing and forthcoming**
- Suppliers are supplying EVTL with specified products and services
 - **These products and services are available to all competitors – both existing and forthcoming**
- Customers place orders with EVTL
 - **These orders are 100% conditional and come with no financial commitment**

In exchange, EVTL is granting the companies noted as PIPE (Private Investment in Public Equity) Investors stock-based incentives.

Customers

Suppliers

CM

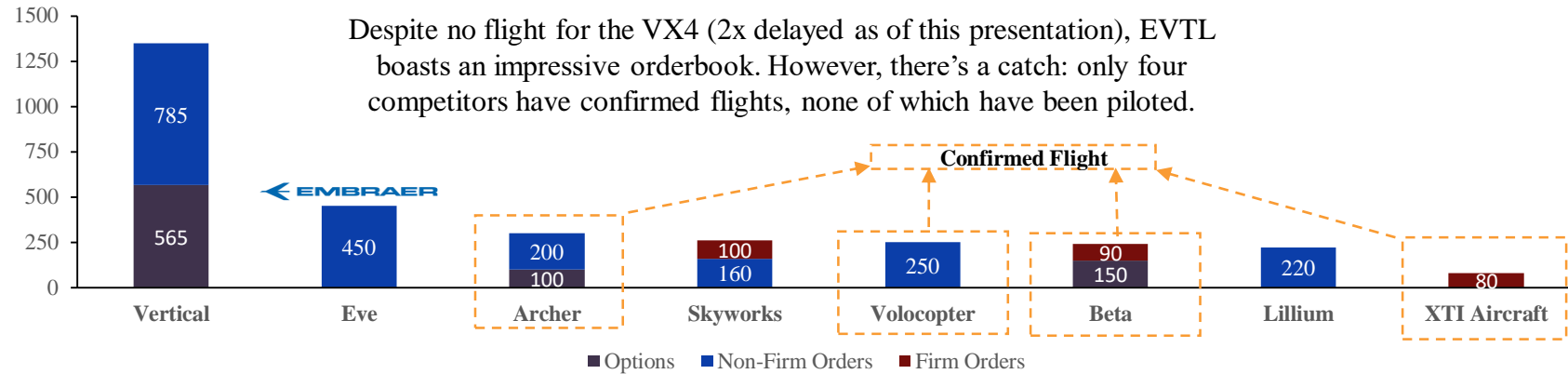
PIPE Investors

Non-investors

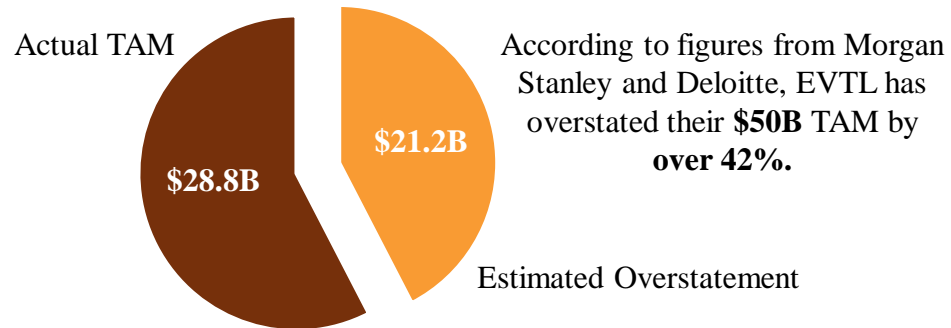
	
	
	

Why would a company offer stock to incentivize suppliers & customers, with full knowledge that orders are non-binding and the supplying contracts are non-exclusive...

Industry Orderbooks



Heavily Overstated TAM



Sleeping Giants



Both companies have achieved weight-bearing flight with their eVOTL models and own associated IP. Expect to open for orders in 2nd half of 2022.

What is EVTL doing without a flying prototype that other major players with confirmed flight are not to secure orders for their VX4...



1

Why would a pioneer in the unmanned eVTOL space, considered be much more practical and pragmatic, abandon their success and pivot to an unproven experimental design?



2

Why would Vertical Aerospace outsource the development of such critical parts of its design, abandoning its internal development and IP protection model that led to success of VX1?



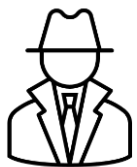
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Why would a company offer stock to incentivize suppliers & customers, with full knowledge that orders are non-binding and the supplying contracts are non-exclusive?



4

What is EVTL doing without a flying prototype that other major players with confirmed flight are not to secure orders for their VX4?



EVTL is partnering with leading global firms to draw media and investor attention in order to drive up share price. Partners are incentivized through lucrative PIPE deals and added promotional value to continue to hold up the house of cards, regardless of whether or not EVTL is their preferred eVTOL manufacturer.



In 2014, *The Guardian* reported that Fitzpatrick had used an OVO holding entity to purchase 564 of his shares (5.4% total outstanding) for £2 million. The catch? The holding entity was wholly owned by Fitzpatrick and OVO was struggling to breakeven.



In 2015, being a Formula One racing fan, Fitzpatrick decided to buy Manor Racing, a struggling F1 team. The purchase totaled £30 million using “personal” funds. We believe that these funds were related to OVO. Manor Racing entered administration in 2017.



In 2022 Fitzpatrick was once again involved in controversy when he cut 1700 jobs from a newly acquired SSE business segment after paying £20 million to Imagination Industries for “brand royalty fees”, a company wholly owned by Fitzpatrick.



Fitzpatrick is now using EVTL as another vehicle for funding his personal endeavors. Loans from Imagination Industries, a company owned by Fitzpatrick, accrue interest at a rate of 30% per annum. Fitzpatrick has already made loans to himself and settled via share issuance.



Stephen Fitzpatrick has repeatedly shown that he is a master at funneling money into his own pocket, regardless of the consequences for shareholders or stakeholders. He can continue to raise capital with EVTL by remaining in development-stage and not bringing a failed product to market.

Forward Assumptions

No product is delivered and losses continue

Shareholders are further diluted via partnerships

Large amounts continue to be paid to Fitzpatrick

Value of equity is cash net of debt (~\$45M)

Fitzpatrick retains control and does not liquidate

Catalysts for Decline

30% of Lock-Up released per annum

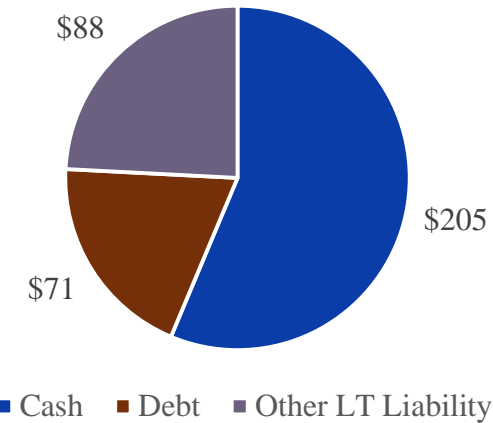
Boeing and Airbus open for orders

Investigated for securities fraud violations

Waning retail enthusiasm

Current Balance Sheet Composition

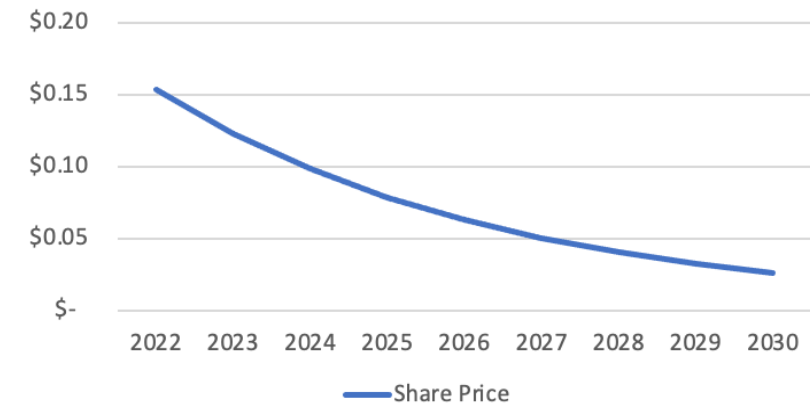
EVTL Pro Forma Balance Sheet (June 30, 2021)



■ Cash ■ Debt ■ Other LT Liability

Valuation vs. Operating Period

Share Price as Function of Operating Period



- We have assigned a **Strong Sell** rating to shares of EVTL with a price target of **\$0 per share**.
- The Company's interests do not seem to revolve around bringing any aircraft to market, but to enrich management's personal wealth via related transactions.
- Stephen Fitzpatrick is not a CEO that is friendly to shareholders; he has displayed time and time again that it is *his* bank account that comes first.
- The SPAC space has been ripe with opportunity for sponsors and founders, but full of disappointment for unsuspecting shareholders.
- Partnerships are nothing more than promotional schemes designed to raise capital, not to build proprietary aircraft.
- With a heavily overstated TAM and unrealistic expectations of scale, EVTL has shown no indication of being able to achieve these goals in a competitive space.