

23 April 2025

AB Dynamics plc

Unaudited interim results for the six months ended 28 February 2025

"A strong start to delivering our growth plan"

AB Dynamics plc (AIM: ABDP, the 'Company', or the 'Group'), the designer, manufacturer and supplier of advanced testing, simulation and measurement products to the global transport market, is pleased to announce its interim results for the six-month period to 28 February 2025 (the 'Period').

	<u>H1 2025</u>	<u>H1 2024</u>	
	£m	£m	
Revenue	58.0	52.3	+11%
Gross margin	60.2%	58.3%	+190 bps
Adjusted EBITDA ¹	12.9	10.6	+22%
Adjusted operating profit ¹	10.8	8.9	+21%
Adjusted operating margin ¹	18.6%	17.0%	+160 bps
Statutory operating profit	6.7	5.5	+22%
Adjusted cash flow from operations ¹	9.3	11.3	-18%
Net cash	27.2	29.1	
	Pence	Pence	
Adjusted diluted earnings per share ¹	37.0	30.9	+20%
Statutory diluted earnings per share	21.9	18.0	+22%
Interim dividend per share	2.80	2.33	+20%

¹Before amortisation of acquired intangibles, acquisition related charges, and exceptional items. A reconciliation to statutory measures is given in the Alternative Performance Measures section of the Half Year Review.

Financial highlights

- Revenue increased by 11% reflecting strong growth across all three sectors, with market and customer activity levels remaining positive through the period
- Operating margin expansion, up 160bps to 18.6%, as a result of a combination of a full year effect of operational improvements, operating leverage and revenue mix
- Adjusted diluted EPS was up 20% to 37.0p (2024: 30.9p) as the increase in operating profit was partially offset by an increase in the Group effective tax rate from 18% to 20%
- Net cash at period end was £27.2m (2024: £29.1m) after investing £3.5m in the acquisition of Bolab Systems GmbH ('Bolab')
- Interim dividend of 2.80p per share (2024: 2.33p per share), an increase of 20%, reflecting the Board's confidence in the Group's financial position and prospects

Operational and strategic highlights

- New product development continues at pace and in line with the technology roadmap for the testing products and simulation markets, alongside development of ABD Solutions' core technology for niche mining applications
- As part of a larger project with a major automotive OEM the first units of a new automated mileage accumulation solution, which were enabled by ABD Solutions' technology, were delivered in the first half
- The Group acquired Bolab, a niche supplier of automotive power electronics testing solutions, with the integration progressing as planned
- The Group made a strong start to delivering the medium-term growth plan which we articulated in November 2024, which in summary targets:
 - Organic growth of 10% per year across core markets, supported by regulatory tailwinds and rapid technology change, with a significantly strengthened and scalable operational and commercial platform
 - Further margin expansion to 20% target through operating leverage, supply chain improvements and operational efficiencies
 - Strong cash generation that provides scope for further value-enhancing investment
 - The opportunity beyond automotive markets presented by ABD Solutions, transitioning from technology

Current trading and outlook

- Trading in the first half of FY 2025 has been strong, and our solid order book at half year provides good visibility into the second half of our financial year
- The extent and rapid evolution of recent changes in international trade policies and market dynamics are unprecedented, making precise quantification of direct and indirect impacts challenging
- The Group's direct exposure to the most significant increases in tariffs announced to date is likely to be limited but the more general inflationary impacts of increasing global tariffs and possible indirect effects will be kept under review and mitigated where possible through price increases
- The Group's geographic diversification and critical nature of its market-leading products and services have created a highly resilient platform that is well-positioned to support customers navigating these dynamic market conditions
- Whilst being mindful of a potential slowdown in timing of pipeline conversion due to the wider macroeconomic disruption, the Board expects to deliver adjusted operating profit for FY 2025 in line with current expectations²
- Future growth prospects remain supported by long-term structural and regulatory growth drivers in active safety, autonomous systems and the automation of vehicle applications

There will be a presentation for analysts this morning at 9.00am at Stifel offices, 150 Cheapside, London EC2V 6ET. Please contact abdynamics@teneo.com if you would like to attend.

A presentation will also be provided on the Investor Meet Company platform on 24 April 2025 at 9.00am. Anyone wishing to attend should register their interest via <https://www.investormeetcompany.com/ab-dynamics-plc/register-investor>.

Commenting on the results, Dr James Routh, Chief Executive Officer said:

"The Group has made a strong start to delivering the medium-term growth plan which we articulated in November 2024.

"We see significant opportunity in our core markets in automotive, which are supported by long-term structural and regulatory growth drivers, and are continuing to invest in new product development and technology. In addition, we are starting to see the benefit of the investment in innovative technologies to diversify the business through our technology accelerator, ABD Solutions, with the first revenues seen in H1 2025.

"Trading in the first half of FY 2025 has been strong, supported by a solid order book, providing good visibility into the second half of the financial year.

"The extent and rapid evolution of recent changes in international trade policies and market dynamics are unprecedented, making precise quantification of direct and indirect impacts challenging. The Group's direct exposure to the most significant increases in tariffs announced to date is likely to be limited, but the more general inflationary impacts of increasing global tariffs and possible indirect effects will be kept under review and mitigated where possible through price increases.

"The Group's geographic diversification and critical nature of its market-leading products and services have created a highly resilient platform that is well-positioned to support customers navigating these dynamic market conditions. Whilst being mindful of a potential slowdown in timing of pipeline conversion due to the wider macroeconomic disruption, the Board remains confident that the Group will make further financial and strategic progress this year.

"With strong trading momentum entering the second half and improving margins, the Board expects to deliver adjusted operating profit for FY 2025 in line with current expectations²."

²The Company is aware of eight analysts publishing independent research. The Company compiled analyst expectations for the year ended 31 August 2025 is for a mean adjusted operating profit of £22.4m

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The person responsible for arranging the release of this information is David Forbes, Company Secretary.

About AB Dynamics plc

AB Dynamics is a leading designer, manufacturer and supplier of advanced testing, simulation and measurement products to the global transport market.

AB Dynamics is an international group of companies headquartered in Bradford on Avon. AB Dynamics currently supplies all the top automotive manufacturers, Tier 1 suppliers and service providers, who routinely use the Group's products and services to test and verify vehicle safety systems and dynamics.

Half Year Review

Group overview

The Group has delivered a strong performance in the first half of the year, in line with the value creation plan set out in November 2024.

The Group continued to deliver against its strategic priorities by launching new products, developing its simulation software offering to drive recurring revenues and delivering on its diversification plans. The Group also expanded its presence in the testing products market with the acquisition of Bolab in the period.

Market overview

The automotive sector continues to experience structural and regulatory changes driving rapid unprecedented evolution, creating the following positive market drivers for the Group:

- The ongoing societal need for improvements in road safety in all regions is driving the rapid development and regulation of active safety, Advanced Driver Assistance Systems ('ADAS') and increasing levels of autonomous systems
- The global challenge of climate change is driving a long term transition towards electric vehicles ('EVs'), hybrids and the development of other alternative powertrains
- New entrants into the automotive market, particularly in EVs and autonomy, have placed pressures on traditional automotive OEMs to accelerate their development of new technologies which require more complex testing and simulation

Notwithstanding these long-term structural growth drivers, the automotive sector is being forced to adapt quickly to both industry and macroeconomic events, which have created more volatility and uncertainty in the near term:

- A slower rate of adoption of EVs than anticipated within a number of significant markets
- Disruption to production volumes for some European automotive OEMs, due to the success of new entrants in winning market share in certain geographies
- The recent US-led introduction of international trade tariffs has created uncertainty and operational complexity that has the potential to delay customer investment decisions in the near term, with the longer term impacts as yet undetermined

As a global market leading supplier of critical technology products and services, with a broad international footprint, the Group has an inherently resilient profile leaving it well placed to manage effectively through any short-term market headwinds:

- OEMs need to remain fully committed to investing in R&D, arguably more now than ever given the heightened levels of competition as each OEM needs to respond to the evolving industry dynamics and their own specific footprint challenges
- OEMs need AB Dynamics' testing products and services for development of vehicles and certification of active safety systems across all types of powertrains
- The Group is a leader in all key global markets and, with 145 customers, its broad customer base and geographic mix of revenue means it is largely agnostic to the success or failure of individual OEMs
- The Group's simulation capabilities enable OEMs to accelerate the efficiency and speed of development by allowing customers to test in a virtual environment
- In the medium term the Group's international manufacturing and assembly footprint gives it operational flexibility to react to changes in automotive market and international trade dynamics

The macroeconomic situation is evolving and the Group continues to keep the situation and its response under review.

Financial performance in the period

The Group delivered revenue growth of 11% to £58.0m, with increases across all three sectors.

Gross margin was 60.2%, up 190 bps on H1 2024 due to a full year effect of operational improvements, operating leverage and revenue mix.

Group adjusted operating profit increased by 21% to £10.8m. The adjusted operating margin increased to 18.6% (H1 2024: 17.0%), as a result of the increase in sales volumes and an improved gross margin.

Adjusted earnings before interest, tax, depreciation and amortisation ('EBITDA') increased by 22% to £12.9m (H1 2024: £10.6m). Adjusted EBITDA margin was 22.2% (H1 2024: 20.3%), an increase of 190 bps.

Adjusted net finance costs were £0.1m (H1 2024: £0.1m).

Adjusted profit before tax was £10.7m (H1 2024: £8.8m). The Group adjusted tax charge totalled £2.1m (H1 2024: £1.6m). An adjusted effective tax rate of 20% (H1 2024: 18%).

Adjusted diluted earnings per share was 37.0p (H1 2024: 30.9p), an increase of 20%, reflecting the increase in operating profit offset by a higher tax rate.

Statutory operating profit increased by 22% to £6.7m and after net finance costs of £0.4m (H1 2024: £0.4m), statutory profit before tax was up 24% from £5.1m to £6.3m. The statutory tax charge was £1.2m (H1 2024: £0.9m), resulting in statutory basic earnings per share of 22.2p (H1 2024: 18.2p). A reconciliation of statutory to underlying non-GAAP financial measures is provided below. The adjustments to operating profit of £4.1m comprise £3.1m of amortisation of acquired intangibles, £0.5m of ERP development costs and £0.5m of acquisition related costs (H1 2024: £3.4m comprising £3.0m of amortisation of acquired intangibles, £0.3m of ERP development costs and £0.1m of acquisition costs). The £0.3m adjustment to the interest charge (H1 2024: £0.3m) relates to the unwind of the discount on the deferred contingent consideration for Venshure Test Services ('VTS') and Bolab. The tax impact of these adjustments was a credit of £0.9m (H1 2024: £0.7m credit).

The net cash position at the period end was £27.2m (29 February 2024: £29.1m, 31 August 2024: £28.6m) underpinning a robust balance sheet and providing the resources to fund the acquisition of Bolab and continue the Group's investment programme. Adjusted operating cash of £9.3m (H1 2024: £11.3m) was impacted by the timing of customer deliveries over Chinese New Year, which resulted in a higher trade receivables balance that was converted into cash after the period end. Cash conversion over the last 12 months was 98% of adjusted EBITDA, and the rolling three-year average was 109%, demonstrating that the ongoing focus on working capital improvements is delivering long-term, sustainable positive results.

The order book at 28 February 2025 was £42.1m (H1 2024: £41.3m, 31 August 2024: £30.3m), with £31.4m for delivery in the second half of the year. This, combined with orders received since the period end and additional sources of recurring revenue such as renewals of licences, provides good visibility of expected second half revenue. The proportion of recurring and service-based revenue was 44% in the first half of the year (FY 2024: 45%).

Sector review

Sector split of revenue

	H1 2025 £m	H1 2024 £m	
Testing products	37.5	34.9	+7%
Testing services	9.1	7.5	+21%
Simulation	11.4	9.9	+15%
	58.0	52.3	+11%

Testing products

The Group's testing products are used on proving grounds, test tracks and in the laboratory to evaluate the performance of vehicle active safety systems, autonomous technologies, EVs, vehicle durability, vehicle dynamics and electronics testing.

Testing products revenue of £37.5m was up 7% against H1 2024 revenue of £34.9m with growth in driving robots and the contribution of Bolab offset by lower Suspension Parameter Measuring Machine ('SPMM') sales.

Strong growth in Asia Pacific and North America was offset by a decrease in activity in Europe. Global New Car Assessment Program ('NCAP') testing requirements for ADAS have been increasing rapidly with further growth expected. Euro NCAP's recently published protocols for 2026 will add new tests through an extended layer creating higher speed and more challenging scenarios. The standard tests and new extended range take the number of test scenarios to over 1,000. While Euro NCAP is currently the most stringent, it is expected that other NCAPs will move towards adoption of these stricter standards. New tests for commercial vehicles offer further opportunities for market expansion.

High value SPMM sales are individually material and revenue recognition is impacted by timing of delivery. While there were no SPMM sales during H1, orders have been received for two units which will contribute to revenue in the second half of FY 2025 and FY 2026.

The Group continues to invest in new product development in the testing products sector in order to meet forthcoming regulatory requirements and to ensure we retain our market leadership in testing technology.

Testing services

Testing services includes revenue from the Group's test facility in Bakersfield, USA, where testing of ADAS systems and vehicle dynamics is performed on behalf of OEMs, technology developers and government agencies.

VTS, based in Michigan, USA, performs laboratory-based mileage accumulation testing as well as assessment of EV powertrain and battery performance.

In China, the Group provides on-road vehicle testing services for the assessment of all aspects of vehicle performance, particularly focusing on EV performance, charging capability and vehicle connectivity. Tenders have been submitted for the renewal of these long-term contracts for delivery in FY 2026 and beyond.

This sector saw significant growth of 21% to £9.1m (H1 2024: £7.5m) in advance of new regulatory requirements in the US, with cross selling opportunities facilitated by strong customer relationships.

Simulation

The Group provides both physical simulators and advanced, physics-based simulation software. Simulators are used by both automotive manufacturers and motorsport teams to accurately represent the real world using the rFpro

software, coupled with state-of-the-art motion platforms and static driving simulators to assist in development of new vehicles and improve performance.

Simulation revenue increased by 15% to £11.4m (H1 2024: £9.9m) driven by higher simulator motion platform sales in the period, as prior year revenue was more heavily weighted to the second half. High value motion platform sales are individually material and two further contract wins are assumed in H2 revenue expectations.

Progress on our strategy

The Group continues to make good progress against its organic led growth strategy, supplemented with value enhancing acquisitions.

The structural drivers from which the Group benefits, namely vehicle development cycles, safety regulation and trends in new mobility, including active safety, autonomy and connected vehicle technology, provide tailwinds for growth over the long term alongside resilience against the more challenging near-term dynamics in the automotive industry.

Products and innovation

The Group has expanded its testing product offering with new products such as the Soft Bicycle 360 that was launched during the period. Market led new product development continues to be a core focus of the Group's capital allocation policy to ensure that our customers' needs are met, while regulatory requirements and the number and complexity of test scenarios increase.

Capability and capacity

The investment in the Group's infrastructure, people and processes over the last five years built the foundations for accelerating profitable growth, which has been demonstrated by the margin expansion seen during the period. Operational improvements, facilitated by our new ERP system, have reduced customer lead times and improved product quality, which have both helped to expand and protect market share in the competitive automotive sector. Further opportunities for standardisation of products and simplification of supply chain are being pursued to improve capability and capacity further.

Acquisitive growth

Acquisitions have been, and will continue to be, a significant part of the overall strategy. On 25 September 2024, the Group acquired Bolab, a niche supplier of automotive power electronics testing solutions, based in Germany. Bolab supplies low-voltage and high-voltage equipment for testing automotive sub-systems and components for conventional, hybrid and EVs.

The initial consideration was €3.9m (£3.3m), which comprised €4.5m (£3.8m) of cash consideration paid on completion plus €0.5m (£0.4m) retained against potential warranties, less the working capital adjustment of €1.1m (£0.9m) following completion in line with the closing mechanism agreed in the sale and purchase agreement.

Contingent consideration of up to €6.0m (£5.0m) will become payable in cash across two tranches for the two years following completion, subject to meeting certain performance criteria for each year. The acquisition supports the expansion of the Group's capabilities in the testing products business and provides further alignment with the structural growth drivers in the sector.

There is a promising pipeline of potential value enhancing and strategically compelling acquisition opportunities and with net cash of £27.2m at period end, the Group has sufficient resources to take advantage of opportunities that arise, particularly in the event that current market volatility is reflected in target valuations.

Service and support

The Group has expanded its software suite during the period with the release of over 600 new pre-defined test scenarios, enabling customers to significantly increase the efficiency of testing. In addition, the Group has been developing its simulation software offering with the launch of AV Elevate, a fully integrated simulation solution for ADAS and AV development.

International footprint

Through selective acquisitions in different locations and the targeting of key geographies through its regional sales offices, the Group's international footprint has continued to grow. Our broad customer base and leadership positions in key regional markets give rise to an attractive geographic mix of revenue, which has helped to reduce any adverse impact of the current volatility in the automotive industry to date. Looking ahead, our international footprint and improved operational capability provides optionality over future manufacturing and assembly locations which will enable us to optimise our approach to future developments in both the automotive sector and trade economics.

Diversification

As part of the objective to diversify into adjacent markets, ABD Solutions continues to make significant progress in its mission to add automated solutions to existing vehicle fleets in a faster and more cost effective way.

A number of opportunities for niche mining applications for the robotic automation retrofit system, Indigo Drive, are in progress. Initial production units have also been delivered of the retrofit human form recognition system, InVu, which provides an AI driven solution to industry mandated safety requirements for construction vehicles, using rFpro simulation software for training of the AI system.

As part of a larger project with a major automotive OEM, ABD Solutions has also provided enabling technology into a new automated mileage accumulation solution with initial revenues delivered during the first half.

Alternative performance measures

In the analysis of the Group's financial performance and position, operating results and cash flows, alternative performance measures are presented to provide readers with additional information. The principal measures presented are adjusted measures of earnings including adjusted operating profit, adjusted EBITDA, adjusted operating margin, adjusted profit before tax, adjusted earnings per share and adjusted cash flow from operations.

The interim report includes both statutory and adjusted non-GAAP financial measures, the latter of which the Directors believe better reflect the underlying performance of the business and provide a more meaningful comparison of how the business is managed and measured on a day-to-day basis. The Group's alternative performance measures and KPIs are aligned to the Group's strategy and together are used to measure the performance of the business and form the basis of the performance measures for remuneration. Adjusted results exclude certain items because if included, these items could distort the understanding of the performance for the year and the comparability between the periods.

Comparatives are provided alongside all current period figures. The term 'adjusted' is not defined under IFRS and may not be comparable with similarly titled measures used by other companies. All profit and earnings per share figures in this interim report relate to underlying business performance (as defined above) unless otherwise stated.

A reconciliation of adjusted measures to statutory measures is provided below:

	H1 2025			H1 2024		
	Adjusted	Adjustments	Statutory	Adjusted	Adjustments	Statutory
EBITDA (£m)	12.9	(1.0)	11.9	10.6	(0.4)	10.2
Operating profit (£m)	10.8	(4.1)	6.7	8.9	(3.4)	5.5
Operating margin	18.6%	(7.0%)	11.6%	17.0%	(6.5%)	10.5%
Finance expense (£m)	(0.1)	(0.3)	(0.4)	(0.1)	(0.3)	(0.4)
Profit before tax (£m)	10.7	(4.4)	6.3	8.8	(3.7)	5.1
Tax expense (£m)	(2.1)	0.9	(1.2)	(1.6)	0.7	(0.9)
Profit after tax (£m)	8.6	(3.5)	5.1	7.2	(3.0)	4.2
Diluted earnings per share (pence)	37.0		21.9	30.9		18.0
Cash flow from operations (£m)	9.3	(1.0)	8.3	11.3	(0.3)	11.0

The adjustments comprise:

	H1 2025	H1 2024	Cash flow impact H1 2025	Cash flow impact H1 2024
	£m	£m	£m	£m
Amortisation of acquired intangibles	3.1	3.0	-	-
ERP development costs	0.5	0.3	0.5	0.3
Acquisition related costs	0.5	0.1	0.5	-
Adjustments to operating profit	4.1	3.4	1.0	0.3
Acquisition related finance costs	0.3	0.3	-	-
Adjustments to profit before tax	4.4	3.7	1.0	0.3

Foreign currency exposure

The Group faces currency exposure on its foreign currency transactions and with significant overseas operations, also has exposure to foreign currency translation risk. The Group maintains a natural hedge whenever possible to transactional exposure by matching the cash inflows and outflows in the respective currencies.

On a constant currency basis, revenue would have been £0.9m higher than reported at £58.9m and adjusted operating profit would have been £0.2m higher than reported at £11.0m, as the US dollar, the Euro and Yen weakened against sterling compared to H1 2024. Constant currency revenue growth was 13% and growth in operating profit was 24%.

Organic revenue growth at constant currency was 8% when excluding results from VTS and Bolab in the period.

Dividends

The Board has declared an interim dividend of 2.80p per ordinary share (H1 2024: 2.33p), an increase of 20%, which will be paid on 16 May 2025 to shareholders on the register on 2 May 2025.

A final dividend of 5.30p per share was paid on 31 January 2025 in respect of the year ended 31 August 2024 totalling £1.2m. The Board recognises that dividends continue to be an important component of total shareholder returns, balanced against maintaining a strong financial position and intends to pursue a sustainable and growing dividend policy in the future having regard to the development of the Group.

Summary and Outlook

The Group has made a strong start to delivering the medium-term growth plan which we articulated in November 2024.

We see significant opportunity in our core markets in automotive, which are supported by long-term structural and regulatory growth drivers, and we are continuing to invest in new product development and technology. In addition, we are starting to see the benefit of the investment in innovative technologies to diversify the business through our technology accelerator, ABD Solutions, with the first revenues delivered in H1 2025.

Trading in the first half of FY 2025 has been strong, supported by a solid order book, providing good visibility into the second half of the financial year.

The extent and rapid evolution of recent changes in international trade policies and market dynamics are unprecedented, making precise quantification of direct and indirect impacts challenging. The Group's direct exposure

to the most significant increases in tariffs announced to date is likely to be limited, but the more general inflationary impacts of increasing global tariffs and possible indirect effects will be kept under review and mitigated where possible through price increases.

The Group's geographic diversification and critical nature of its market-leading products and services have created a highly resilient platform that is well-positioned to support customers navigating these dynamic market conditions. Whilst being mindful of a potential slowdown in timing of pipeline conversion due to the wider macroeconomic disruption, the Board remains confident that the Group will make further financial and strategic progress this year.

With strong trading momentum entering the second half and improving margins, the Board expects to deliver adjusted operating profit for FY 2025 in line with current expectations².

²The Company is aware of eight analysts publishing independent research. The Company compiled analyst expectations for the year ended 31 August 2025 is for a mean adjusted operating profit of £22.4m

Directors' Responsibility Statement

The Directors confirm that this condensed consolidated half year financial information has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the United Kingdom, and that the half year management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed consolidated half year financial information, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

By order of the Board
Richard Elsy CBE
Non-Executive Chairman
23 April 2025

AB Dynamics plc

Unaudited condensed consolidated statement of comprehensive income

for the six months ended 28 February 2025

	Note	Unaudited 6 months ended 28 February 2025			Unaudited 6 months ended 29 February 2024		
		Adjusted £m	Adjustments £m	Statutory £m	Adjusted £m	Adjustments £m	Statutory £m
Revenue	2	58.0	-	58.0	52.3	-	52.3
Cost of sales		(23.1)	-	(23.1)	(21.8)	-	(21.8)
Gross profit		34.9	-	34.9	30.5	-	30.5
General and administrative expenses		(24.1)	(4.1)	(28.2)	(21.6)	(3.4)	(25.0)
Operating profit		10.8	(4.1)	6.7	8.9	(3.4)	5.5
Operating profit is analysed as:							
Before depreciation and amortisation		12.9	(1.0)	11.9	10.6	(0.4)	10.2
Depreciation and amortisation		(2.1)	(3.1)	(5.2)	(1.7)	(3.0)	(4.7)
Operating profit		10.8	(4.1)	6.7	8.9	(3.4)	5.5
Net finance expense		(0.1)	(0.3)	(0.4)	(0.1)	(0.3)	(0.4)
Profit before tax		10.7	(4.4)	6.3	8.8	(3.7)	5.1
Tax expense		(2.1)	0.9	(1.2)	(1.6)	0.7	(0.9)
Profit for the period		8.6	(3.5)	5.1	7.2	(3.0)	4.2

Other comprehensive income

Items that may be reclassified to consolidated income statement:

Exchange gain/(loss) on foreign currency net investments	1.1	-	1.1	(0.3)	-	(0.3)
Total comprehensive income for the period	9.7	(3.5)	6.2	6.9	(3.0)	3.9

Earnings per share - basic (pence)	5	37.5p	22.2p	31.3p	18.2p
Earnings per share - diluted (pence)	5	37.0p	21.9p	30.9p	18.0p

AB Dynamics plc**Unaudited condensed consolidated statement of financial position**

as at 28 February 2025

		Unaudited 28 February 2025 £m	Unaudited 29 February 2024 £m	Audited 31 August 2024 £m
ASSETS	Note			
Non-current assets				
Goodwill		46.2	36.9	44.6
Acquired intangible assets		32.5	29.8	31.3
Other intangible assets		2.8	2.6	2.5
Property, plant and equipment		29.8	26.2	29.7
Right-of-use assets		3.0	2.7	2.8
		<u>114.3</u>	<u>98.2</u>	<u>110.9</u>
Current assets				
Inventories		15.2	19.5	14.4
Trade and other receivables		20.5	17.1	14.7
Contract assets		3.8	1.9	2.3
Cash and cash equivalents	7	30.6	31.9	31.8
		<u>70.1</u>	<u>70.4</u>	<u>63.2</u>
Assets held for sale		<u>1.9</u>	<u>1.9</u>	<u>1.9</u>
LIABILITIES				
Current liabilities				
Trade and other payables		21.3	17.1	20.3
Contract liabilities		10.5	14.5	7.5
Short-term lease liabilities	7	1.8	0.7	1.0
Contingent consideration		3.8	0.5	2.7
		<u>37.4</u>	<u>32.8</u>	<u>31.5</u>
Non-current liabilities				
Deferred tax liabilities		7.9	8.6	7.5
Long-term lease liabilities	7	1.6	2.1	2.2
Contingent consideration		3.4	-	3.5
		<u>12.9</u>	<u>10.7</u>	<u>13.2</u>
Net assets		<u>136.0</u>	<u>127.0</u>	<u>131.3</u>
Shareholders' equity				
Share capital		0.2	0.2	0.2
Share premium		62.9	62.8	62.9
Other reserves	8	1.8	2.2	0.7
Retained earnings		71.1	61.8	67.5
Total equity		<u>136.0</u>	<u>127.0</u>	<u>131.3</u>

AB Dynamics plc

Unaudited condensed consolidated statement of changes in equity

for the six months ended 28 February 2025

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 September 2024	0.2	62.9	0.7	67.5	131.3
Total comprehensive income	-	-	1.1	5.1	6.2
Share based payments	-	-	-	0.7	0.7
Dividend paid	-	-	-	(1.2)	(1.2)
Purchase of own shares	-	-	-	(1.0)	(1.0)
At 28 February 2025	0.2	62.9	1.8	71.1	136.0

At 1 September 2023	0.2	62.8	2.5	59.7	125.2
Total comprehensive income	-	-	(0.3)	4.2	3.9
Share based payments	-	-	-	0.7	0.7
Deferred tax on share based payments	-	-	-	0.1	0.1
Dividend paid	-	-	-	(1.1)	(1.1)
Purchase of own shares	-	-	-	(1.8)	(1.8)
At 29 February 2024	0.2	62.8	2.2	61.8	127.0

At 1 September 2023	0.2	62.8	2.5	59.7	125.2
Total comprehensive income	-	-	(1.8)	9.7	7.9
Share based payments	-	-	-	1.2	1.2
Deferred tax on share based payments	-	-	-	0.2	0.2
Dividend paid	-	-	-	(1.5)	(1.5)
Issue of shares	-	0.1	-	-	0.1
Purchase of own shares	-	-	-	(1.8)	(1.8)
At 31 August 2024	0.2	62.9	0.7	67.5	131.3

AB Dynamics plc

Unaudited condensed consolidated cash flow statement

for the six months ended 28 February 2025

	Unaudited 6 months ended 28 February 2025 £m	Unaudited 6 months ended 29 February 2024 £m	Audited Year ended 31 August 2024 £m
Profit before tax	6.3	5.1	12.0
Depreciation and amortisation	5.2	4.7	10.3
Finance expense	0.4	0.4	0.7
Share based payments	0.8	0.7	1.4
Operating cash flows before changes in working capital	12.7	10.9	24.4
(Increase)/decrease in inventories	(0.2)	(1.5)	3.5
(Increase)/decrease in trade and other receivables	(7.0)	(1.5)	1.0
Increase/(decrease) in trade and other payables	2.8	3.1	(2.2)
Cash flows from operations	8.3	11.0	26.7
Cash flows from operations are analysed as:			
Adjusted cash flows from operations	9.3	11.3	27.9

Cash impact of adjusting items	(1.0)	(0.3)	(1.2)
Cash flows from operations	8.3	11.0	26.7
Finance costs paid	-	-	(0.1)
Income tax paid	(1.6)	(1.9)	(3.1)
Net cash flows from operating activities	6.7	9.1	23.5
Cash flows used in investing activities			
Acquisition of businesses net of cash	(3.5)	(5.7)	(17.0)
Purchase of property, plant and equipment	(0.9)	(1.6)	(3.6)
Capitalised development costs and purchased software	(0.6)	(0.1)	(0.2)
Net cash used in investing activities	(5.0)	(7.4)	(20.8)
Cash flows used in financing activities			
Drawdown of loans	-	-	3.9
Repayment of loans	-	-	(3.9)
Dividends paid	(1.2)	(1.1)	(1.5)
Purchase of own shares net of proceeds from issue of share capital	(1.0)	(1.8)	(1.7)
Repayment of lease liabilities	(0.7)	(0.4)	(1.2)
Net cash flow used in financing activities	(2.9)	(3.3)	(4.4)
Net decrease in cash and cash equivalents	(1.2)	(1.6)	(1.7)
Cash and cash equivalents at beginning of the period	31.8	33.5	33.5
Cash and cash equivalents at end of the period	30.6	31.9	31.8

AB Dynamics plc

Notes to the unaudited interim report

for the six months ended 28 February 2025

1. Basis of preparation

The Company is a public limited company limited by shares and incorporated under the UK Companies Act. The Company is domiciled in the United Kingdom and the registered office and principal place of business is Middleton Drive, Bradford on Avon, Wiltshire, BA15 1GB.

The principal activity is the specialised area of design, manufacture and supply of advanced testing, simulation and measurement products to the global transport market.

The annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards and applicable law. A copy of the statutory accounts for the year ended 31 August 2024 has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain any statements under section 498(2) or (3) of the Companies Act 2006.

The same accounting policies, presentation and methods of computation have been followed in this unaudited interim financial information as those which were applied in the preparation of the Group's annual financial statements for the year ended 31 August 2024.

Certain new standards, amendments to standards and interpretations are not yet effective for the year ending 31 August 2025 and have therefore not been applied in preparing this interim financial information.

The interim accounts are unaudited and do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

Going concern basis of accounting

At 28 February 2025 the Group had £27.2m of net cash and a £20.0m undrawn revolving credit facility. The Directors believe that the Group is well placed to manage its financing and other business risks satisfactorily and have a reasonable expectation that the Group will have adequate resources to continue in operation for at least twelve months from the signing date of this financial information.

As part of their regular assessment of the Group's working capital and financing position, the Directors have prepared a cash flow forecast for the period through to 31 August 2026, being at least twelve months after the date of approval of the financial statements. Additional sensitivity analysis has been performed on the forecasts to consider the impact of a severe, but plausible, reasonable worst case scenario on the Group's cashflow and covenant requirements. The scenario, which sensitised the forecasts for specific identified risks, modelled the reduction in anticipated levels of net cash and the associated reduction of adjusted EBITDA. The scenario considered the principal risks and uncertainties referred to in note 11 and modelled the financial impact of all of the below sensitivities to the base case forecast:

- A reduction in demand of 25% over the next two financial years
- A 10% increase in operating costs
- An increase in cash collection cycle
- An increase in input costs resulting in a reduction in gross margin by 12%

The sensitised scenario shows headroom on the Group's revolving credit facility and covenant thresholds throughout the forecast period. After consideration of the above, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months after the date of approval of the interim financial statements. They therefore consider it appropriate

to adopt the going concern basis of accounting in preparing the interim financial statements.

2. Segment information

The Group derives revenue from the sale of its advanced measurement, simulation and testing products and services used in assisting the global transport market in the laboratory, on the test track and on-road. The Group has three segments.

The operating segments are based on internal reports about components of the Group, which are regularly reviewed and used by the Board of Directors being the Chief Operating Decision Maker.

	Unaudited 6 months ended 28 February 2025					6 r 29	
	Testing products £m	Testing services £m	Simulation £m	Unallocated* £m	Total £m	Testing products £m	Testing services £m
Revenue	37.5	9.1	11.4	-	58.0	34.9	7.5
Adjusted operating profit	8.1	1.9	2.8	(2.0)	10.8	6.4	1.4
Operating profit is analysed as:							
Before depreciation and amortisation	9.1	2.8	3.0	(2.0)	12.9	7.3	2.0
Depreciation and amortisation	(1.0)	(0.9)	(0.2)	-	(2.1)	(0.9)	(0.6)
Adjusted operating profit	8.1	1.9	2.8	(2.0)	10.8	6.4	1.4
Amortisation of acquired intangibles	(0.2)	(1.7)	(1.2)	-	(3.1)	-	(1.5)
Adjusting items	-	-	-	(1.0)	(1.0)	-	-
Operating profit	7.9	0.2	1.6	(3.0)	6.7	6.4	(0.1)
Net finance expense					(0.4)		
Profit before tax					6.3		
Tax expense					(1.2)		
Profit for the year					5.1		

*Unallocated items are head office costs that cannot be allocated to a business segment.

	Audited Year ended 31 August 2024				
	Testing products £m	Testing services £m	Simulation £m	Unallocated* £m	Total £m
Revenue	69.4	16.7	25.2	-	111.3
Adjusted operating profit	13.2	4.2	7.0	(4.1)	20.3
Operating profit is analysed as:					
Before depreciation and amortisation	15.5	5.3	7.5	(4.1)	24.2
Depreciation and amortisation	(2.3)	(1.1)	(0.5)	-	(3.9)
Adjusted operating profit	13.2	4.2	7.0	(4.1)	20.3
Amortisation of acquired intangibles	-	(3.3)	(3.0)	-	(6.3)
Adjusting items	-	-	-	(1.3)	(1.3)
Operating profit	13.2	0.9	4.0	(5.4)	12.7
Net finance expense					(0.7)
Profit before tax					12.0
Tax expense					(2.3)
Profit for the year					9.7

*Unallocated items are head office costs that cannot be allocated to a business segment.

Analysis of revenue by destination:

	Unaudited 6 months ended 28 February 2025 £m	Unaudited 6 months ended 29 February 2024 £m	Audited Year ended 31 August 2024 £m
Europe (including United Kingdom)	11.7	18.9	36.8
North America	17.3	11.2	25.9
Asia Pacific	28.9	22.1	48.4
Rest of World	0.1	0.1	0.2
	58.0	52.3	111.3

3. Alternative performance measures

In the analysis of the Group's financial performance and position, operating results and cash flows, alternative performance measures are presented to provide readers with additional information. The principal measures presented are adjusted measures of earnings including adjusted operating profit, EBITDA, adjusted operating margin, adjusted profit before tax, adjusted earnings per share and adjusted cash flow from operations.

The interim financial information includes both statutory and adjusted non-GAAP financial measures, the latter of which the Directors believe better reflect the underlying performance of the business and provide a more meaningful comparison of how the business is managed and measured on a day-to-day basis. The Group's alternative performance measures and KPIs are aligned to the Group's strategy and together are used to measure the performance of the business and form the basis of the performance measures for remuneration. Adjusted results exclude certain items because if included, these items could distort the understanding of the performance for the year and the comparability between the periods.

We provide comparatives alongside all current year figures. The term 'adjusted' is not defined under IFRS and may not be comparable with similarly titled measures used by other companies. All profit and earnings per share figures in this interim report relate to underlying business performance (as defined above) unless otherwise stated.

A summary of the items which reconcile statutory to adjusted measures is included below:

	Unaudited 6 months ended 28 February 2025	Unaudited 6 months ended 29 February 2024	Audited Year ended 31 August 2024
	£m	£m	£m
Amortisation of acquired intangibles	3.1	3.0	6.3
Acquisition related costs	0.5	0.1	0.3
ERP development costs	0.5	0.3	1.0
Adjustments to operating profit	4.1	3.4	7.6
Acquisition related finance costs	0.3	0.3	0.4
Adjustments to profit before tax	4.4	3.7	8.0

Amortisation of acquired intangibles

The amortisation relates to the acquisition of Bolab Systems GmbH ('Bolab') on 25 September 2024 and the businesses acquired in the previous years, DRI, rFpro, VadoTech Group, Ansible Motion and Venshure Test Services.

Acquisition related costs

The current year cost relates to the acquisition of Bolab. The cost in the prior year relates to the acquisition of Venshure Test Services.

ERP development costs

These costs relate to the development, configuration and customisation of the Group's new ERP system which is hosted in the cloud.

Acquisition related finance costs

Finance costs relates to the unwind of the discount on deferred contingent consideration payable on the acquisition of Venshure Test Services and Bolab (H1 2024: Ansible Motion).

Tax

The tax impact of these adjustments was as follows: amortisation £0.8m (H1 2024: £0.6m, 31 August 2024: £1.1m), acquisition related costs £Nil (H1 2024: £Nil, 31 August 2024: £0.1m), ERP development costs £0.1m (H1 2024: £0.1m, 31 August 2024: £0.2m) and acquisition related finance costs £Nil (H1 2024: £Nil, 31 August 2024: £Nil).

Cash impact

The operating cash flow impact of the adjustments was an outflow of £1.0m (H1 2024: £0.3m, 31 August 2024: £1.2m) being £0.5m (H1 2024: £0.3m, 31 August 2024: £1.0m) in relation to ERP development costs and £0.5m (H1 2024: £Nil, 31 August 2024: £0.2m) in relation to acquisition costs.

4. Tax

The statutory effective tax rate for the period is a charge of 19% (H1 2024: 18%, FY 2024: 19%).

The adjusted effective tax rate, adjusting both the tax charge and the profit before taxation is 20% (H1 2024: 18%, FY 2024: 19%). The increase reflects the geographic mix of profits.

5. Earnings per share

The calculation of earnings per share is based on the following earnings and number of shares:

	Unaudited 6 months ended 28 February 2025	Unaudited 6 months ended 29 February 2024	Audited Year ended 31 August 2024
Weighted average number of shares ('000)			
Basic	22,954	22,934	22,944
Diluted	23,256	23,165	23,249
Earnings per share (pence)			
Profit after tax attributable to owners of the Group (£m)	5.1	4.2	9.7
Basic	22.2	18.2	42.3
Diluted	21.9	18.0	41.7
Adjusted earnings per share (pence)			
Adjusted profit after tax attributable to owners of the Group (£m)	8.6	7.2	16.3
Adjusted basic	37.5	31.3	71.0
Adjusted diluted	37.0	30.9	70.0

6. Dividends

At the Annual General Meeting the shareholders approved a final dividend in respect of the year ended 31 August 2024 of 5.30p per ordinary share totalling £1.2m. This was paid on 31 January 2025 to shareholders on the register on 17 January 2025.

An interim dividend of 2.80p per ordinary share totalling £0.6m has been declared in respect of the year ending 31 August 2025 which will be paid on 16 May 2025 to shareholders on the register on 2 May 2025.

7. Net cash

Net cash comprises cash and cash equivalents, bank overdrafts, borrowings and lease liabilities.

	Unaudited 28 February 2025 £m	Unaudited 29 February 2024 £m	Audited 31 August 2024 £m
Cash and cash equivalents	30.6	31.9	31.8
Lease liabilities	(3.4)	(2.8)	(3.2)
	27.2	29.1	28.6

The Group has a £20.0m revolving credit facility with National Westminster Bank plc. The facility was renewed on 28 February 2025 and runs until 28 February 2028 with two "one-year" options to extend at the lenders' discretion.

8. Other reserves

	Merger relief reserve £m	Reconstruction reserve £m	Translation reserve £m	Total other reserves £m
At 1 September 2023	14.6	(11.3)	(0.8)	2.5
Other comprehensive expense	-	-	(0.3)	(0.3)
At 29 February 2024	14.6	(11.3)	(1.1)	2.2
Other comprehensive expense	-	-	(1.5)	(1.5)
At 31 August 2024	14.6	(11.3)	(2.6)	0.7
Other comprehensive income	-	-	1.1	1.1
At 28 February 2025	14.6	(11.3)	(1.5)	1.8

9. Foreign exchange

The foreign exchange rates applied during the period were:

	H1 2025	H1 2024	FY 2024
Period end rate			
US dollar	1.26	1.27	1.32
Euro	1.21	1.17	1.19
Yen	189	191	191
Average rate			
US dollar	1.28	1.24	1.26
Euro	1.20	1.16	1.17
Yen	192	184	191

10. Acquisitions

Bolab

On 25 September 2024, the Group acquired 100% of Bolab for a total consideration of up to €11.0m (£9.2m). Bolab is a niche supplier of automotive power electronics testing solutions, based in Germany. Bolab supplies low-voltage and high-voltage equipment for testing automotive sub-systems and components for conventional, hybrid and EVs. The acquisition supports the expansion of the Group's capabilities in the testing products business and provides further alignment with the structural growth drivers in the sector.

The initial consideration was €3.9m (£3.3m), which comprised €4.5m (£3.8m) of cash consideration paid on completion plus €0.5m (£0.4m) retained against potential warranties, less the working capital adjustment of €1.1m (£0.9m) following completion in line with the closing mechanism agreed in the sale and purchase agreement.

Contingent consideration of up to €6.0m (£5.0m) will become payable in cash across two tranches for the two years following completion, subject to meeting certain performance criteria for each year. The acquisition supports the expansion of the Group's capabilities in the testing products business and provides further alignment with the structural growth drivers in the sector.

The carrying amount of each class of Bolab's assets before combination is set out below:

	Fair value	Intangible asset adjustments	Provisional fair value
	£m	£m	£m
Intangible assets	-	4.1	4.1
Property, plant and equipment	0.3	-	0.3
Right of use asset	0.2	-	0.2
Trade and other receivables	0.5	-	0.5
Inventory	0.5	-	0.5
Debt	(0.1)	-	(0.1)
Trade and other payables	(1.1)	-	(1.1)
Lease liabilities	(0.2)	-	(0.2)
Deferred tax liabilities	-	(1.0)	(1.0)
Net assets acquired	0.1	3.1	3.2
Goodwill arising on acquisition			1.0
			4.2

Total consideration

Cash consideration paid on completion	3.8
Discounted retention against warranties	0.4
Working capital adjustment to purchase price - total	(0.9)
Initial consideration	3.3
Contingent consideration payable	0.9
Total consideration	4.2

Cash consideration

Cash consideration paid on completion	3.8
Working capital adjustment to purchase price - cash received	(0.4)
Debt acquired	0.1

Cash flows used in acquisition of businesses	3.5
Contingent consideration	
Contingent consideration	0.9
Retention against warranties	0.4
Working capital adjustment to purchase price - receivable from vendors	(0.5)
At acquisition	0.8
Unwind of discount	0.1
At 28 February 2025	0.9
Current	-
Non-current	0.9

The fair values set out above are provisional and will be finalised in the second half of this year. Goodwill of £1.0m represents the amount paid for future sales growth from both new customers and new products and employee know-how.

A deferred tax liability has been recognised in relation to the intangible assets.

From the date of acquisition to 28 February 2025, the newly acquired business contributed £1.6m to revenue and £0.2m to adjusted operating profit. Had the acquisition been completed at the beginning of the period, Group revenue would have been £58.3m and adjusted operating profit would have been £10.8m. £0.1m of the discount on the contingent consideration unwound in the period and has been included in finance expenses.

Venshure Test Services

On 2 April 2024, the Group acquired 100% of Venshure Test Services LLC. The acquisition was completed for an initial cash consideration of 13.5m (£10.7m), being 15.0m (£11.9m) initial consideration less 1.5m (£1.1m discounted to present value) retained against potential warranties. Contingent consideration of up to 15.0m (£11.9m) will be payable in cash across two tranches for the two years following completion, subject to meeting certain performance criteria for both years. The remaining contingent consideration payable is presented below.

Contingent consideration	£m
Contingent consideration	4.9
Retention against warranties	1.1
At acquisition	6.0
Unwind of discount	0.2
At 31 August 2024	6.2
Unwind of discount	0.2
Exchange differences	(0.1)
At 28 February 2025	6.3
Current	3.8
Non-current	2.5

11. Principal risks

The principal risks and uncertainties impacting the Group are described on pages 60-62 of our Annual Report 2024 and all other risks remain unchanged at 28 February 2025, except for the geopolitical risk being heightened with regards to tariffs since the date of the annual report.

The extent and rapid evolution of recent changes in international trade policies and market dynamics are unprecedented, making precise quantification of direct and indirect impacts challenging and increasing operational complexity. The Group's direct exposure to the most significant increases in tariffs announced to date is likely to be limited but the more general inflationary impacts of increasing global tariffs and possible indirect effects will be kept under review and mitigated where possible through price increases. The Group's geographic diversification and critical nature of its market-leading products and services have created a highly resilient platform that is well-positioned to support customers navigating these dynamic market conditions.

The risks include: Downturn or instability in major geographic markets or market sectors, supply chain disruption, loss of major customers and changes in customer procurement processes, failure to deliver new products, dependence on external routes to market, acquisitions integration and performance, cybersecurity and business interruption, competitor actions, loss of key personnel, threat of disruptive technology, product liability, failure to manage growth, foreign currency, counterparty risk, credit risk, intellectual property/patents and environmental risk.

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