

11 November 2025

AB Dynamics plc

Final results for the year ended 31 August 2025

"Strong start to delivering the medium-term growth plan"

AB Dynamics plc ('AB Dynamics', the 'Company' or the 'Group'), the designer, manufacturer and supplier of advanced testing, simulation and measurement products and services to the global transport market, is pleased to announce its final results for the year ended 31 August 2025.

	<u>Audited</u> <u>2025</u> £m	<u>Audited</u> <u>2024</u> £m	
Revenue	114.7	111.3	+3%
Gross margin	62.0%	59.6%	+240bps
Adjusted EBITDA ¹	27.8	24.2	+15%
Adjusted operating profit ¹	23.3	20.3	+15%
Adjusted operating margin ¹	20.3%	18.2%	+210bps
Statutory operating profit	15.5	12.7	+22%
Adjusted cash flow from operations ¹	29.4	27.9	+5%
Net cash	41.4	28.6	
	Pence	Pence	
Adjusted diluted earnings per share ¹	80.3	70.0	+15%
Statutory diluted earnings per share	51.5	41.7	+24%
Total dividend per share	9.16	7.63	+20%

¹Before amortisation of acquired intangibles, acquisition related charges and exceptional items. A reconciliation to statutory measures is given below.

Financial highlights

- Adjusted operating profit and earnings per share increased by 15%, slightly ahead of expectations for FY 2025, driven by strong strategic execution amidst a mixed market backdrop
- Revenue increased by 3% with double-digit revenue growth in H1 followed by a more challenging H2, with the timing of simulator orders impacted by macroeconomic disruption
- The proportion of recurring revenue was maintained at 45% (2024: 45%)
- Operating margin improved by 210bps to 20.3%, achieved through continued operational improvements and a richer mix of revenue. Operational improvements are embedded but the benefit of revenue mix is not expected to recur in FY 2026
- Strong operating cash generation of £29.4m (2024: £27.9m) with cash conversion of 106% (2024: 115%), resulted in net cash at year end of £41.4m (2024: £28.6m) after investing £6.5m in acquisitions and capex
- ROCE improved to 20.2% (2024: 17.4%), benefitting from both the improved operating margin and disciplined capital management
- Proposed final dividend of 6.36p per share, bringing the total dividend for the year to 9.16p per share (2024: 7.63p 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 Testing Products and Simulation markets
 - The Simulation segment launched the Delta S3 Spin Simulator with advanced capability for the growing road car market and received the first order late in the second half of the year
 - The LiDAR-based object detection system ClearTrack™, which uses ABD Solutions technology, was launched to the wider market following successful initial deliveries to a major automotive OEM
- The integration of Bolab Systems GmbH (Bolab), a niche supplier of automotive power electronics testing solutions, acquired in H1, is progressing as planned with performance in line with expectations
- The Group has continued to build its acquisition pipeline, targeting high growth technology-enabled product and services businesses, which would accelerate strategic progress
- The Group made a strong start to delivering the medium-term growth plan set out in November 2024, which in summary targets:
 - Average organic growth of 10% per annum across core markets, supported by regulatory tailwinds and rapid technology change, with a significantly strengthened and scalable operational and commercial platform
 - Further sustained margin expansion to greater than 20% through operating leverage, supply chain improvements and operational efficiencies

- o improvements and operational efficiencies
- o Strong cash generation that provides scope for further value-enhancing investment in FY 2026 and beyond
- o The opportunity beyond automotive markets presented by ABD Solutions, transitioning from technology development to commercialisation

Current trading and outlook

- The Group is OEM agnostic and powertrain agnostic, selling into R&D and testing services functions globally, providing resilience against short-term automotive industry headwinds
- The Group is geographically diversified and supplies market-leading products which are critical to our customers' future success
- Year end order book of £32m (FY 2024: £30m) plus post year end order intake provides visibility into FY 2026
- Whilst mindful that short-term macroeconomic disruption may continue into the first half of FY 2026, the Board expects adjusted operating profit for FY 2026 to be in line with current expectations² with an expected bias towards the second half of the year
- Future growth prospects remain supported by long-term structural and regulatory growth drivers in active safety, autonomous systems and the automation of vehicle applications, underpinning the Group's medium-term financial objectives

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

Commenting on the results, Sarah Matthews-DeMers, Chief Executive Officer designate, said:

"The Group has made a strong start to delivering the medium-term growth plan which was set out in November 2024. Trading in the first half of FY 2025 was strong, with double-digit revenue and profit growth. Despite a more challenging backdrop during the second half caused by macroeconomic and geopolitical disruption, the Group delivered underlying earnings slightly ahead of expectations, with full year profit growth of 15% and improved operating margin to 20.3%.

The Group is geographically diversified, OEM agnostic and powertrain agnostic, selling into R&D and testing functions, providing resilience against short-term automotive industry headwinds. Future growth prospects remain supported by long-term structural and regulatory growth drivers in active safety, autonomous systems and the automation of vehicle applications, underpinning our medium-term financial objectives. We are continuing to invest in new product development and have the capacity to accelerate progress with further value creating acquisitions.

Encouragingly, underlying demand drivers remain strong and customer activity increased towards the end of the year. As a result, the Group carries forward £32m (FY 2024: £30m) of orders into FY 2026 providing good trading momentum into the first half of the year. Whilst mindful that short-term macroeconomic disruption may continue into the first half of FY 2026, the Board remains confident that the Group will make further financial and strategic progress this year and expects to deliver FY 2026 adjusted operating profit in line with current expectations², with an expected bias towards the second half of the year."

² The Company is aware of eight analysts publishing independent research. The Company compiled analyst expectations for the year ended 31 August 2026 is for a mean adjusted operating profit of £24.5m.

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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 and services to the global transport market.

AB Dynamics is an international group of companies headquartered in Bradford on Avon. AB Dynamics currently supplies all the major automotive manufacturers, Tier 1 suppliers and service providers, who routinely use the Group's

products to test and verify vehicle safety systems and dynamics.

Group overview

The Group delivered strong profit growth and margin expansion despite macroeconomic and geopolitical disruption in the second half of the year. This was achieved through improvements in its operating capabilities as well as revenue mix.

During FY 2025, the Group continued to deliver against its strategic priorities by launching new products and services aligned with the long-term technology roadmap. The acquisition of Bolab also expanded its portfolio of testing products, complementing the Group's existing offering.

The Group has 12 facilities in six countries across Europe, North America and Asia. Building on the strength of the core business, coupled with value enhancing acquisitions, the Group has a solid and scalable platform from which to capitalise on a multi-year growth opportunity, supported by strong long-term structural and regulatory tailwinds.

The Group's mission is to accelerate its customers' drive towards net zero emissions, improving road safety and the automation of vehicle applications. Its market-leading position is driven by its technical capabilities and reputation. The Group's products must satisfy challenging and complex requirements meaning barriers to entry are high.

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 and US automotive OEMs, due to the success of new entrants in winning market share in certain geographies
- The US-led introduction of international trade tariffs created uncertainty and operational complexity which has delayed customer investment decisions impacting order intake in the second half of the year and may continue to cause disruption for a period as customers adapt to the new international trade conditions

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 over 150 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 the automotive market and international trade dynamics

Financial performance

The Group delivered revenue growth in the year of 3% to £114.7m (2024: £111.3m) with double-digit growth in H1 offset by more challenging conditions in H2 as the timing of simulator orders was impacted by macroeconomic disruption. Testing Products and Testing Services both saw strong growth in the year, while Simulation revenue was lower due to the timing of order placement.

Gross margin was 62.0%, up 240 bps on 2024 and the adjusted operating margin increased to 20.3% (2024: 18.2%) driven by operational improvements and revenue mix. While the operational improvements are now embedded in the business, the benefit of the revenue mix is not expected to be repeated in FY 2026. Group adjusted operating profit increased by 15% to £23.3m (2024: £20.3m).

Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 15% to £27.8m (2024: £24.2m). Adjusted EBITDA margin was 24.2% (2024: 21.7%), an increase of 250 bps.

Adjusted net finance costs increased to £0.4m (2024: £0.3m).

Adjusted profit before tax was £22.9m (2024: £20.0m). The Group adjusted tax charge totalled £4.2m (2024: £3.7m), an adjusted effective tax rate of 18.3% (2024: 18.5%), continuing to benefit from UK Patent Box relief.

Adjusted diluted earnings per share was 80.3p (2024: 70.0p), an increase of 15%, reflecting the increase in operating profit.

The Group delivered strong adjusted operating cash flow of £29.4m (2024: £27.9m) with cash conversion of 106% (2024: 115%). After funding the acquisition of Bolab, net cash at the end of the year was £41.4m (2024: £28.6m), underpinning a robust balance sheet and providing the resources to continue the Group's investment programme.

The order book at 31 August 2025 was £32m (FY 2024: £30m). This provides coverage of approximately a quarter of FY 2026 expected revenue.

Statutory operating profit was up 22% at £15.5m (2024: £12.7m) and after net finance costs of £0.9m (2024: £0.7m).

statutory operating profit rose up 22% at £14.6m (2024: £12.0m) and after net finance costs of £2.6m (2024: £2.3m), statutory profit before tax increased by 22% from £12.0m to £14.6m. The statutory tax charge increased to £2.6m (2024: £2.3m). Statutory basic earnings per share was 52.2p (2024: 42.3p). A reconciliation of statutory to underlying non-GAAP financial measures is provided below.

Segment review

Revenue	2025 £m	2024 £m		H1 2025 £m	H1 2024 £m	
Testing Products	74.3	69.4	+7%	37.5	34.9	+7%
Testing Services	18.0	16.7	+8%	9.1	7.5	+21%
Simulation	22.4	25.2	-11%	11.4	9.9	+15%
Total revenue	114.7	111.3	+3%	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 electronic sub-systems.

Testing Products revenue of £74.3m was up 7% against FY 2024 (£69.4m) with growth in driving robots and the contribution of Bolab offset by lower Suspension Parameter Measuring Machine (SPMM) sales. Geographically, strong growth in Asia Pacific and North America was offset by a decrease in activity in Europe.

Adjusted operating profit increased 28% to £16.9m and the operating margin increased 370 bps to 22.7% driven by efficiencies from improvement in production layout and supplier quality, together with revenue mix. While the efficiencies are expected to be sustained going forward, the benefit of the revenue mix is not expected to be repeated in FY 2026.

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 order and delivery. Demand for SPMMs is strong with orders for three machines received in the year, with a small revenue contribution in H2 2025 and the remainder of the revenue to be recognised in FY 2026.

The Group continues to invest in new product development in the Testing Products segment 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 California, USA, where testing of ADAS systems and vehicle dynamics is performed on behalf of OEMs, technology developers and government agencies.

Venshure Test Services (VTS), based in Michigan, USA, performs laboratory-based mileage accumulation testing and 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.

This segment saw revenue growth of 8% to £18.0m (2024: £16.7m) driven by strong growth in the US in advance of new regulatory requirements which require all light-duty passenger vehicles to have Automatic Emergency Braking by 2029.

Adjusted operating profit increased 5% to £4.4m and the operating profit margin of 24.4% was broadly stable (FY 2024: 25.1%).

The Group was successful in securing the renewal of a long-term on-road testing contract in China for delivery in FY 2026 and beyond.

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 dynamic and static driving simulators to assist in development of new vehicles and improve performance.

Simulation revenue decreased by 11% to £22.4m (2024: £25.2m). The decrease in revenue was due to the timing of order intake for driving simulators, with a material order being received later in the second half of the year than anticipated and therefore delaying delivery into FY 2026.

Adjusted operating profit decreased 29% to £5.0m and the operating margin decreased 540 bps to 22.3% due to the operating leverage impact of the decrease in volume.

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 simulation product offering with new products such as the Delta S3 Spin simulator that was launched during the year. Market led new product development continues to be a core focus of the Group's capital allocation policy to ensure that our customers' current and future 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 year. Operational improvements, facilitated by our new ERP system, have reduced customer lead times, helping to expand and protect market share. Product quality has also been improved by rationalising the number of product configuration options, implementing a new supplier quality management system and introducing more stringent subassembly testing procedures. Further opportunities for standardisation of products and simplification of supply chain are being pursued to improve capability and capacity further, in addition to other commercial initiatives.

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) may 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 £41.4m at year end, the Group has significant resources with which 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 year 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.

The Group continues to focus on maximising its service and support revenue streams via targeted upselling of value add services, such as calibration, and specific software upgrades to its installed customer base.

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. 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. In addition, the pipeline for the retrofit human form recognition system, InVu, which provides an AI driven solution to industry mandated safety requirements for construction vehicles, continues to develop.

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 year. This technology, used in a LiDAR-based object detection system, has subsequently been launched to the wider market as ClearTrack™.

Board changes

On 8 July 2025 the Board announced that Dr James Routh, CEO, had informed the Board of his decision to stand down to take up the CEO position at FTSE 250 group Victrex plc. The Board thanks James for his contribution to the Group over the last seven years and wishes him well for the future.

On 21 October 2025 the Board announced the appointment of Sarah Matthews-DeMers as CEO. After completing a rigorous search process, the Board saw Sarah as the standout candidate to take the Group forward in the next phase of its development and to deliver the medium-term growth aspirations the Group has set out in its value creation plan. Sarah is currently CFO and will take up her new role from 1 December 2025. Dr James Routh will remain with the Group until 31 December 2025 to ensure a smooth handover, but will stand down from the Board on 30 November 2025.

On 14 May 2025 the Board announced the appointment of Julie Armstrong as a Non-Executive Director and Remuneration Committee Chair elect. Having served nine years, Richard Hickinbotham will stand down as a Director in August 2026 and at that time Julie will assume the position of Remuneration Committee Chair.

Sustainability

The Group is committed to ensuring the health, safety and wellbeing of all employees across the Group, as well as environmental sustainability, both globally and in its local communities, and reducing its environmental impact. It is the Group's mission to ensure its customers to accelerate the development of vehicles that are not only safer but

the Group's mission to empower its customers to accelerate the development of vehicles that are not only safer, but also more efficient with less of an impact on the environment. The Group is continually looking for opportunities to improve; environmental sustainability is essential.

The Group is committed to the goal of becoming net zero for market based Scope 1 and 2 emissions by 2040 and working to be a net zero organisation by 2050. This will include the further development of initiatives to reduce its carbon emissions, waste and water usage, using improved methods of data collection so that more achievable targets can be set in the future.

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 operating margin, adjusted EBITDA, adjusted profit before tax, adjusted earnings per share and adjusted cash flows from operations.

This 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.

The Group provides 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 financial information relate to underlying business performance (as defined above) unless otherwise stated.

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

	2025			2024		
	Adjusted	Adjustments	Statutory	Adjusted	Adjustments	Statutory
EBITDA (£m)	27.8	(1.6)	26.2	24.2	(1.2)	23.0
Operating profit (£m)	23.3	(7.8)	15.5	20.3	(7.6)	12.7
Operating margin	20.3%		13.5%	18.2%		11.5%
Finance expense (£m)	(0.4)	(0.5)	(0.9)	(0.3)	(0.4)	(0.7)
Profit before tax (£m)	22.9	(8.3)	14.6	20.0	(8.0)	12.0
Taxation (£m)	(4.2)	1.6	(2.6)	(3.7)	1.4	(2.3)
Profit after tax (£m)	18.7	(6.7)	12.0	16.3	(6.6)	9.7
Diluted earnings per share (pence)	80.3		51.5	70.0		41.7
Cash flows from operations (£m)	29.4	(1.6)	27.8	27.9	(1.2)	26.7

The adjustments comprise:

	2025		2024	
	Profit impact £m	Cash flow impact £m	Profit impact £m	Cash flow impact £m
Amortisation of acquired intangibles	6.2	-	6.4	-
Acquisition related costs	0.5	0.5	0.2	0.2
ERP development costs	1.1	1.1	1.0	1.0
Adjustments to operating profit	7.8	1.6	7.6	1.2
Acquisition related finance costs	0.5	-	0.4	-
Adjustments to profit before tax	8.3	1.6	8.0	1.2

The tax impact of these adjustments was a credit of £1.6m (2024: £1.4m).

Return on capital employed (ROCE)

Our capital-efficient business and high margins enable generation of strong ROCE (defined as adjusted operating profit as a percentage of capital employed, being shareholders' equity less net cash plus deferred tax liabilities and contingent consideration). During the year, ROCE has increased from 17.4% to 20.2% benefitting from further improvement in operating margin alongside disciplined capital management.

Capital allocation

Our capital allocation framework aims to deliver sustainable compounding growth as well as growing returns to shareholders. Our priorities are:

- Continuous organic investment and innovation to protect and grow the core business

- Complementary acquisitions contributing to one or more of the Group's strategic priorities
- Progressive dividend policy

Research and development

While research and development form a significant part of the Group's activities, a significant and increasing proportion relates to specific customer programmes which are included in the cost of the product. In addition to customer funded research and development, Group funded research and development costs were £1.0m (2024: £0.9m), which comprised £0.8m (2024: £0.2m) of costs that have been capitalised in relation to projects for which there are a number of near-term sales opportunities and £0.2m (2024: £0.7m) of other research and development costs, all of which have been written off to the income statement as incurred.

Foreign currency exposure

The Group faces currency exposure on its foreign currency transactions and maintains a natural hedge whenever possible to transactional exposure by matching the cash inflows and outflows in the respective currencies. Forward exchange contracts are used to manage transactional exposure where appropriate.

With significant overseas operations, the Group also has exposure to foreign currency translation risk. On a constant currency basis, revenue would have been £1.4m higher than reported and both adjusted and statutory operating profit would have been £0.2m higher as Sterling strengthened against the US dollar, Euro and Yen. Constant currency revenue growth was 4% and growth in operating profit was 16%.

Dividends

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.

The Board is recommending a final dividend of 6.36p per share, giving a total dividend for the year of 9.16p (2024: 7.63p) per share, which is an increase of 20% over the prior year.

Summary and outlook

The Group has made a strong start to delivering the medium-term growth plan which we set out in November 2024. Trading in the first half of FY 2025 was strong, with double-digit revenue and profit growth. Despite a more challenging backdrop during the second half caused by macroeconomic and political disruption, the Group delivered underlying earnings slightly ahead of expectations, with full year profit growth of 15% and improved margin to 20.3%.

The Group is geographically diversified, OEM agnostic and powertrain agnostic, selling into R&D and testing functions, providing resilience against short-term automotive industry headwinds. Future growth prospects remain supported by long-term structural and regulatory growth drivers in active safety, autonomous systems and the automation of vehicle applications, underpinning our medium-term financial objectives. We are continuing to invest in new product development and have the capacity to accelerate progress with further value creating acquisitions.

Encouragingly, underlying demand drivers remain strong and customer activity increased towards the end of the year. As a result, the Group carries forward £32m (2024: £30m) of orders into FY 2026 providing good trading momentum into the first half of the year. Whilst mindful of short-term macroeconomic disruption, which may continue into the first half of FY 2026, the Board remains confident that the Group will make further financial and strategic progress this year and expects to deliver FY 2026 adjusted operating profit in line with current expectations², with an expected bias towards the second half of the year.

Our market drivers remain strong. This backdrop, along with a strong acquisition pipeline, provides confidence of delivering continued growth in revenue and profit in FY 2026 and beyond.

² The Company is aware of eight analysts publishing independent research. The Company compiled analyst expectations for the year ended 31 August 2026 is for a mean adjusted operating profit of £24.5m.

Directors' Responsibility Statement on the Annual Report and Accounts

The responsibility statement below has been prepared in connection with the Company's full annual report and accounts for the year ended 31 August 2025. Certain parts thereof are not included within this announcement.

We confirm to the best of our knowledge:

1. the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
2. the strategic report and directors' report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 11 November 2025 and has been signed on its behalf by Sarah Matthews-DeMers and Richard Elsy CBE.

AB Dynamics plc
Consolidated statement of comprehensive income
For the year ended 31 August 2025

		2025			
	Note	Adjusted £m	*Adjustments £m	Statutory £m	Adjus
Revenue	2	114.7	-	114.7	11
Cost of sales		(43.6)	-	(43.6)	(4€
Gross profit		71.1	-	71.1	6
General and administrative expenses		(47.8)	(7.8)	(55.6)	(4€
Operating profit		23.3	(7.8)	15.5	2
Operating profit is analysed as:					
Before depreciation and amortisation		27.8	(1.6)	26.2	2
Depreciation and amortisation		(4.5)	(6.2)	(10.7)	(3
Operating profit		23.3	(7.8)	15.5	2
Net finance expense		(0.4)	(0.5)	(0.9)	((
Profit before tax		22.9	(8.3)	14.6	2
Tax expense	4	(4.2)	1.6	(2.6)	(3
Profit for the year		18.7	(6.7)	12.0	1
Other comprehensive income / (expense)					
Items that may be reclassified to consolidated income statement:					
Exchange gain /(loss) on foreign currency net investments		0.1	-	0.1	(1
Total comprehensive income for the year		18.8	(6.7)	12.1	1

* See note 3

		2025			
Earnings per share		Adjusted		Statutory	Adjus
Earnings per share - basic (pence)	5	81.3p		52.2p	71
Earnings per share - diluted (pence)	5	80.3p		51.5p	70

AB Dynamics plc
Consolidated statement of financial position
As at 31 August 2025

	Note	2025 £m	2024 £m
ASSETS			
Non-current assets			
Goodwill		45.3	44.6
Acquired intangible assets		29.3	31.3
Other intangible assets		2.9	2.5
Property, plant and equipment		29.0	29.7
Right-of-use assets		3.0	2.8
		109.5	110.9
Current assets			
Inventories		13.9	14.4
Trade and other receivables		14.3	14.7
Contract assets		4.6	2.3
Cash and cash equivalents	7	44.7	31.8
		77.5	63.2
Assets held for sale			
		1.9	1.9
LIABILITIES			
Current liabilities			
Trade and other payables		19.7	20.3
Contract liabilities		9.1	7.5
Short-term lease liabilities	7	1.1	1.0
Contingent consideration	10	6.1	2.7
		36.0	31.5
Non-current liabilities			
Deferred tax liabilities		9.7	7.5
Long-term lease liabilities	7	2.2	2.2
Contingent consideration	10	1.1	3.5
		13.0	13.2
Net assets			
		139.9	131.3
SHAREHOLDERS' EQUITY			
Share capital		0.2	0.2
Share premium		62.9	62.9
Other reserves	8	0.8	0.7
Retained earnings		76.0	67.5
Total equity		139.9	131.3

AB Dynamics plc
Consolidated statement of changes in equity
For the year ended 31 August 2025

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total equity £m
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
Total comprehensive income	-	-	0.1	12.0	12.1
Share based payments	-	-	-	0.7	0.7
Deferred tax on share based payments	-	-	-	(0.2)	(0.2)
Dividend paid	-	-	-	(1.9)	(1.9)
Purchase of own shares	-	-	-	(2.1)	(2.1)
At 31 August 2025	0.2	62.9	0.8	76.0	139.9

AB Dynamics plc
Consolidated cash flow statement
For the year ended 31 August 2025

	Note	2025 £m	2024 £m
Profit before tax		14.6	12.0
Depreciation and amortisation		10.7	10.3
Finance expense		0.9	0.7
Share based payment		0.7	1.4
Operating cash flows before changes in working capital		26.9	24.4
Decrease in inventories		1.0	3.5
(Increase) / decrease in trade and other receivables		(1.6)	1.0
Increase / (decrease) in trade and other payables		1.5	(2.2)
Cash flows from operations		27.8	26.7
Cash flows from operations are analysed as:			
Adjusted cash flows from operations		29.4	27.9
Cash impact of adjusting items		(1.6)	(1.2)
Cash flows from operations		27.8	26.7
Finance costs paid		(0.2)	(0.1)
Income tax paid		(2.9)	(3.1)
Net cash flows from operating activities		24.7	23.5
Cash flows used in investing activities			
Acquisition of businesses net of cash acquired		(3.4)	(17.0)
Purchase of property, plant and equipment		(2.3)	(3.6)
Capitalised development costs and purchased software		(0.8)	(0.2)
Net cash used in investing activities		(6.5)	(20.8)
Cash flows used in financing activities			
Drawdown of loans		-	3.9
Repayments of loans		-	(3.9)
Dividends paid	6	(1.9)	(1.5)
Purchase of own shares		(2.1)	(1.7)
Repayment of lease liabilities		(1.3)	(1.2)
Net cash used in financing activities		(5.3)	(4.4)
Net increase / (decrease) in cash and cash equivalents		12.9	(1.7)
Cash and cash equivalents at beginning of the year		31.8	33.5
Cash and cash equivalents at end of the year		44.7	31.8

AB Dynamics plc
Notes to the consolidated financial statements
For the year ended 31 August 2025

1. Basis of preparation

The Company is a public limited company limited by shares and registered in England and Wales with company number 08393914. 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 of the Group is the design, manufacture and supply of advanced testing, simulation and measurement products to the global transport market. The Group's products and services are used primarily for the development of road vehicles, particularly in the areas of active safety and autonomous systems.

The annual financial statements of the Group are prepared in accordance with UK-adopted International Accounting Standards and applicable law.

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 August 2025 or 31 August 2024 but is derived from those accounts. 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.

A number of new standards became applicable for the current reporting period. The application of these amendments has not had any material impact on the disclosures, net assets or results of the Group.

Going concern basis of accounting

The financial information has been prepared under the going concern basis, which assumes that the Group will continue to be able to meet its liabilities as they fall due for the foreseeable future.

The Directors have assessed the principal risks to the going concern assumption, including by modelling a severe but plausible downside scenario, whereby the Group experiences:

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

With £44.7m of cash at 31 August 2025 and a £20.0m undrawn revolving credit facility, in this severe downside scenario, the Group has sufficient headroom to be able to continue to operate for the foreseeable future. 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 12 months from the signing date of the financial statements. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

AB Dynamics plc

Consolidated statement of comprehensive income

For the year ended 31 August 2025

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.

	2025						
	Testing Products £m	Testing Services £m	Simulation £m	Unallocated* £m	Total £m	Testing Products £m	Testing Services £m
Revenue	74.3	18.0	22.4	-	114.7	69.4	16.7
Adjusted operating profit	16.9	4.4	5.0	(3.0)	23.3	13.2	4.2
Operating profit is analysed as:							
Before depreciation and amortisation	19.4	5.8	5.5	(2.9)	27.8	15.5	5.3
Depreciation and amortisation	(2.5)	(1.4)	(0.5)	(0.1)	(4.5)	(2.3)	(1.1)
Adjusted operating profit	16.9	4.4	5.0	(3.0)	23.3	13.2	4.2
Amortisation of acquired intangibles	(0.5)	(3.4)	(2.3)	-	(6.2)	-	(3.4)
Adjusting items	-	-	-	(1.6)	(1.6)	-	-
Operating profit	16.4	1.0	2.7	(4.6)	15.5	13.2	0.8
Net finance expense					(0.9)		
Profit before tax					14.6		
Tax expense					(2.6)		
Profit for the year					12.0		

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

Analysis of revenue by destination:

	2025 £m	2024 £m
Europe (including United Kingdom)	31.8	36.8

Europe (including United Kingdom)	29.4	25.9
North America	53.3	48.4
Asia Pacific	0.2	0.2
Rest of World	114.7	111.3

One customer individually represents more than 10% of total revenue for the year ended 31 August 2025 (2024: No customers individually represent more than 10% of total revenue).

Assets and liabilities by segment are not reported to the Board of Directors, therefore are not used as a key decision-making tool and are not disclosed here.

A disclosure of non-current assets by location is shown below:

	2025 £m	2024 £m
Europe (including United Kingdom)	68.4	64.4
North America	27.6	30.8
Asia Pacific	13.5	15.7
	109.5	110.9

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, adjusted operating margin, adjusted profit before tax, adjusted EBITDA, and adjusted earnings per share and adjusted cash flow from operations.

The financial statements include 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 financial information relate to underlying business performance (as defined above) unless otherwise stated.

	2025 £m	2024 £m
Amortisation of acquired intangibles	6.2	6.4
Acquisition related costs	0.5	0.2
ERP development costs	1.1	1.0
Adjustments to operating profit	7.8	7.6
Acquisition related finance costs	0.5	0.4
Adjustments to profit before tax	8.3	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 on 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 (2024: Venshure Test Services and Ansible Motion).

Tax

The tax impact of these adjustments was as follows: amortisation of acquired intangibles £1.3m (2024: £1.1m), acquisition related costs £0.1m (2024: £0.1m) and ERP development costs £0.2m (2024: £0.2m).

Cash impact

The operating cash flow impact of the adjustments was an outflow of £1.6m (2024: £1.2m) being £1.1m (2024: £1.0m) in relation to ERP development costs and £0.5m (2024: £0.2m) in relation to acquisition costs.

4. Tax

The statutory effective rate of tax for the year of 17.8% (2024: 19.2%) is lower than (2024: lower than) the standard rate of corporation tax in the UK of 25.0% (2024: 25.0%) due to Patent Box relief.

The effective rate of tax on the adjusted profit before tax is 18.3% (2024: 18.5%). The decrease in the year was due to a change in the geographical mix of profits.

5. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive shares. The Company has one category of potentially dilutive shares, namely share options.

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

	2025	2024
Weighted average number of shares ('m)		
Basic	23.0	22.9
Diluted	23.3	23.2
Earnings per share		
Profit for the year attributable to owners of the Group (£m)	12.0	9.7
Basic earnings per share	52.2p	42.3p
Diluted earnings per share	51.5p	41.7p
Adjusted earnings per share		
Adjusted profit for the year attributable to owners of the Group (£m)	18.7	16.3
Adjusted basic earnings per share	81.3p	71.0p
Adjusted diluted earnings per share	80.3p	70.0p

6. Dividends

	2025 £m	2024 £m
Final 2023 dividend paid of 4.42p per share	-	1.0
Interim 2024 dividend paid of 2.33p per share	-	0.5
Final 2024 dividend paid of 5.30p per share	1.2	-
Interim 2025 dividend paid of 2.80p per share	0.7	-
	<u>1.9</u>	<u>1.5</u>

An interim dividend was paid of 2.80p per share totalling £0.7m. The Board has proposed a final dividend in respect of the year ended 31 August 2025 of 6.36p per share totalling £1.5m. If approved, the final dividend will be paid on 30 January 2026 to shareholders on the register on 16 January 2026.

7. Net cash

Net cash comprises cash and cash equivalents and lease liabilities.

The reconciliation of cash and cash equivalents to net cash is as follows:

	2025 £m	2024 £m
Cash and cash equivalents	44.7	31.8
Lease liabilities	(3.3)	(3.2)
	<u>41.4</u>	<u>28.6</u>

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	-	-	(1.8)	(1.8)
At 31 August 2024	14.6	(11.3)	(2.6)	0.7
Other comprehensive income	-	-	0.1	0.1
At 31 August 2025	14.6	(11.3)	(2.5)	0.8

9. Foreign exchange

The foreign exchange rates applied during the year were:

	2025	2024
Year-end rate		
US dollar	1.35	1.32
Euro	1.16	1.19
Yen	199	191
Average rate		
US dollar	1.30	1.26
Euro	1.19	1.17
Yen	193	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 segment 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 carrying amount of each class of Bolab's assets before combination is set out below:

	Fair value £m	Intangible asset adjustments £m	Provisional fair value £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

Cash consideration paid on completion	3.3
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	(0.4)
At acquisition	0.9
Unwind of discount	0.1
Exchange differences	0.1
At 31 August 2025	1.1
Current	-
Non-current	1.1

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 31 August 2025, the newly acquired business contributed £4.4m to revenue and £0.3m to adjusted operating profit. Had the acquisition been completed at the beginning of the period, Group revenue would have been £115.0m and adjusted operating profit would have been £23.3m. £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	0.4
Exchange differences	(0.5)
At 31 August 2025	6.1
Current	6.1
Non-current	-

11. Principal risks

The principal risks and uncertainties impacting the Group are described on pages 58 to 60 of our Annual Report 2025. They include: downturn or instability in major geographic markets or market sectors (including inflation, conflicts and pandemics), supply chain disruption, disruption in the automotive market and loss of major customers, failure to deliver new products, dependence on external routes to market, acquisition 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, tax risk, intellectual property/patents and environmental risk.

12. 2025 Annual Report

The Annual Report for the year ended 31 August 2025 will be posted on the Company's website, www.abdplc.com, on 11 November 2025 and a copy will be posted to shareholders, as required, in advance of the Company's Annual General Meeting on 15 January 2026.

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