

14 April 2026

AB Dynamics plc

Unaudited interim results for the six months ended 28 February 2026

“Structural market drivers intact, underpinning medium term growth opportunity”

AB Dynamics plc (AIM: ABDP, 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 interim results for the six-month period to 28 February 2026 (the ‘Period’).

	<u>H1 2026</u>	<u>H1 2025</u>	
	£m	£m	
Revenue	48.8	58.0	-16%
Gross margin	63.7%	60.2%	+350bps
Adjusted EBITDA ¹	11.3	12.9	-12%
Adjusted operating profit ¹	9.1	10.8	-16%
Adjusted operating margin ¹	18.6%	18.6%	
Statutory operating (loss)/profit	(12.1)	6.7	
Adjusted cash flow from operations ¹	6.5	9.3	
Net cash	39.3	27.2	
	Pence	Pence	
Adjusted diluted earnings per share ¹	31.3	37.0	-15%
Statutory diluted (loss)/earnings per share	(53.0)	21.9	
Interim dividend per share	3.08	2.80	+10%

¹Before amortisation of acquired intangibles, acquisition related charges, and exceptional items. A reconciliation to statutory measures is given in note 3 of the interim report.

Financial highlights

- H1 performance reflects previously guided second half bias for FY 2026, with full year adjusted operating profit expected to be in line with current market expectations²
- Order intake was £64m (H1 2025: £66m, FY 2025: £110m) with market and customer activity returning to more positive levels following a subdued third quarter of FY 2025 which had been impacted by disruption from tariffs
- Revenue decreased by 16% reflecting the previously communicated delays in the timing of order intake and customer delivery requirements, together with the weaker than anticipated volumes at our VadoTech Testing Services business in China
- Operating margin maintained at 18.6%, as the negative impact of operational gearing was offset by a combination of the full year effect of operational improvements, management implemented cost mitigation actions and positive revenue mix
- Adjusted diluted EPS was down 15% to 31.3p (H1 2025: 37.0p) driven by the decrease in operating profit, with the tax rate in line with the prior year at 20%

- Net cash at period end was £39.3m (H1 2025: £27.2m, FY 2025: £41.4m). Rolling 12-month cash conversion was 102%, demonstrating continued strong working capital discipline
- Interim dividend of 3.08p per share (H1 2025: 2.80p per share), an increase of 10%, reflecting the Board's confidence in the Group's financial position and prospects

Operational and strategic highlights

- In response to the lower than anticipated customer activity in the VadoTech Testing Services business, the Group will undertake a strategic review of this business (on-road testing in China on behalf of a European OEM) during the second half of the year. The Group has recorded exceptional items totalling £16.8m in relation to VadoTech, the majority of which is a non-cash impairment charge
- Internal focus on innovation has been enhanced with a view to building on the Group's strong record and driving the next generation of new product development
- The technology roadmap for Testing Products is aligned to the regulatory and consumer ratings changes scheduled for the next five years to enable our customers to remain at the forefront of ADAS development
- In the Simulation market our newly launched Delta S3 Spin simulator received its first order late in FY 2025 and further orders in FY 2026 demonstrating the value of the investment made in this area
- The Group set out its medium-term growth aspiration in November 2024 and remains committed to delivering those ambitions, viewing the events of the last 12 months very much as a short-term timing difference as opposed to any fundamental change in structural growth drivers within our core sectors. In summary the medium-term ambitions are:
 - Average 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 greater than 20% through operational gearing, supply chain improvements and operational efficiencies
 - Strong cash generation that provides scope for further value-enhancing investment

Current trading and outlook

- The Group is OEM 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
- Period end order book of £47m (H1 2025: £42m), which in addition to revenue already delivered in the first half gives circa 70% coverage of expected full year revenue, providing good visibility for the rest of FY 2026
- We note the emerging situation in the Middle East and whilst the Group has no operating footprint in the region, we continue to monitor any potential impacts from broader risks to trade, cost inflation and supply chain disruption. The Group has strong pricing power and a proven, agile approach to managing the business through changing conditions and so we remain confident in delivering on our key strategic and operational priorities
- Whilst we are mindful of the current geopolitical uncertainty, absent an extended disruption, the Board expects adjusted operating profit for FY 2026 to be in line with current expectations² with an expected 55-60% revenue 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 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 15 April 2026 at 9.00am. Anyone wishing to attend should register their interest via <https://www.investormeetcompany.com/abdynamics-plc/register-investor>.

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

“The Group has undergone significant technological, operational and commercial development over the last five years, enhancing a platform which today is backed by great people, great products and a great market position. The long-term growth opportunity for AB Dynamics remains compelling and our strategy is unchanged; going forward we expect evolution not revolution with an enhanced focus on innovation, excellence and continuous improvement.”

“As part of our consistent focus on value creation, we have taken early action in respect of VadoTech in China, where the service provided became commoditised and the customer experienced challenging local market conditions.”

“As expected, revenue in H1 reflected the dip in order intake in Q3 of last year following disruption from tariffs, and it is pleasing to see order intake recovering to more normal levels. Order coverage and our confidence in operational execution leaves us well positioned to deliver in the second half of the year.”

“We note the emerging situation in the Middle East and whilst the Group has no operating footprint in the region, we continue to monitor any potential impacts from broader risks to trade, cost inflation and supply chain disruption. The Group has strong pricing power and a proven, agile approach to managing the business through changing conditions and so we remain confident in delivering on our key strategic and operational priorities.”

“Whilst we are mindful of the current geopolitical uncertainty, absent an extended disruption, the Board expects to deliver adjusted operating profit for FY 2026 in line with current expectations².”

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 £24.4m.

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The person responsible for arranging the release of this information is Miles Ingrey-Counter, 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 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

As previously communicated, and as expected, the first half of FY 2026 was slightly softer, driven by the timing and nature of order intake in the second half of FY 2025 where our markets saw customers delay procurement decisions following the geopolitical and macro-economic disruption across the spring and summer of 2025.

The Group set out its medium-term growth ambitions in November 2024 and remains committed to delivering those ambitions, capitalising on the compelling structural growth drivers within our core sectors through the Group's market leading service and technology capabilities. Whilst market conditions over the last 12 months have created short-term disruption, we view this very much as a timing difference as opposed to any fundamental change in the market's requirement for our products and services, which continues to strengthen.

The Group has 14 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 high performing, 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:

- Safety technology and the associated regulatory and certification requirements are developing rapidly, both in terms of complexity and the rate of adoption
- Powertrain developments have led to a proliferation of different models, with electric vehicles ('EVs') and internal combustion engine vehicles expected to coexist for a longer period
- New entrants into the automotive market are driving competition for market share, meaning new model development is a key focus for OEMs
- While full scale adoption of autonomous vehicles is not expected until well into the future, the Group is well placed to benefit as regulation matures

All of the above trends are long-term tailwinds that support the growth of the Group's end markets across each of its three sectors, but have also contributed to volatility in the wider automotive market that can impact the timing of specific customer procurement activity over a short-term period.

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 automotive market and international trade dynamics

Financial performance in the period

Revenue declined by 16% to £48.8m (H1 2025: £58.0m), with decreases across all three sectors.

Gross margin was 63.7%, up 350bps on H1 2025 (60.2%) due to positive revenue mix and a full year effect of operational improvements.

Group adjusted operating profit decreased by 16% to £9.1m (H1 2025: £10.8m). The adjusted operating margin was maintained at 18.6% (H1 2025: 18.6%), as the negative effect of operational gearing was offset by the full year effect of operational improvements, together with cost mitigation actions taken by management and positive revenue mix.

Adjusted earnings before interest, tax, depreciation and amortisation ('EBITDA') decreased by 12% to £11.3m (H1 2025: £12.9m). Adjusted EBITDA margin was 23.2% (H1 2025: 22.2%), an increase of 100 bps.

Adjusted net finance costs were £nil (H1 2025: £0.1m).

Adjusted profit before tax was £9.1m (H1 2025: £10.7m). The Group adjusted tax charge totalled £1.8m (H1 2025: £2.1m), an adjusted effective tax rate of 20% (H1 2025: 20%).

Adjusted diluted earnings per share was 31.3p (H1 2025: 37.0p), a decrease of 15%, reflecting the decrease in operating profit.

Statutory operating loss was £12.1m (H1 2025: £6.7m profit) and after net finance costs of £0.3m (H1 2025: £0.4m), statutory loss before tax was £12.4m (H1 2025: £6.3m profit). The statutory tax credit was £0.2m (H1 2025: £1.2m charge), resulting in a statutory basic loss per share of 53.0p (H1 2025: 22.2p earnings). A reconciliation of statutory to underlying non-GAAP financial measures is provided in note 3.

The net cash position at the period end was £39.3m (28 February 2025: £27.2m, 31 August 2025: £41.4m) underpinning a robust balance sheet and providing the significant resources from which to continue the Group's investment programme. Adjusted operating cash of £6.5m (H1 2025: £9.3m) reflected an investment in working capital as customer deliveries occurred later in the period than usual due to the timing of order intake in the second half of FY 2025. Cash conversion over the last 12 months was 102% of adjusted EBITDA, and the rolling three-year average was 105%, demonstrating that the ongoing focus on working capital improvements is delivering long-term, sustainable cash generation.

The order book at 28 February 2026 was £47m (28 February 2025: £42m, 31 August 2025: £32m), with £29m for delivery in the second half of the year. This, combined with revenue delivered in the first half of the year provides circa 70% cover of FY 2026 expected revenue, providing good visibility for the rest of FY 2026.

Sector review

	H1 2026 £m	H1 2025 £m	Change
Testing Products			
Revenue	31.0	37.5	-17%
Adjusted EBITDA	8.2	9.1	-10%
Adjusted operating profit	6.8	8.1	-16%
Testing Services			
Revenue	6.5	9.1	-29%
Adjusted EBITDA	1.7	2.8	-39%
Adjusted operating profit	1.2	1.9	-37%
Simulation			
Revenue	11.3	11.4	-1%
Adjusted EBITDA	3.4	3.0	+13%
Adjusted operating profit	3.1	2.8	+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.

In Testing Products, underlying demand drivers remain strong and order intake was encouraging during H1 2026, particularly in Asia Pacific and North America.

Testing products revenue of £31.0m was down 17% against H1 2025 revenue of £37.5m as a material delivery of robots to a North American OEM made in H1 2025 did not recur in the period. The increase in margin was driven by operational efficiencies, together with cost control measures focused on the timing of discretionary spend.

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 Suspension Parameter Measuring Machines (SPMMs) sales are individually material and revenue recognition is impacted by timing of delivery. Demand for SPMMs continued to grow, with additional orders received during the period for delivery in the second half of the year and early FY 2027.

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 on behalf of a European OEM for the assessment of all aspects of vehicle performance, particularly focusing on EV performance, charging capability and vehicle connectivity.

Revenue decreased by 29% to £6.5m (H1 2025: £9.1m). Whilst there was strong growth at our US businesses, our VadoTech business in China has seen significantly weaker than anticipated volumes under the new contract with a European OEM, awarded at the end of last year.

The ramp in the volume of cars under VadoTech's new contract is not occurring as previously indicated by the customer, who is experiencing challenging local market conditions in China. The services provided have become commoditised and therefore swift management action has been taken, with a strategic review of the VadoTech business having commenced and expected to conclude in the second half of the year. The Group has recorded exceptional items totalling £16.8m in relation to VadoTech, the majority of which is a non-cash impairment charge (see note 3 of the interim report). This is an isolated issue with a single European OEM that is facing challenging local market conditions in China and has no bearing on the opportunities to sell Testing Products to Chinese OEMs for local use in China, which has been a strong market for our testing products in the first half of the year.

The remaining Testing Services businesses in the US are higher margin than the VadoTech business with good quality earnings. A summary of the Testing Services segment excluding VadoTech is presented below:

	H1 2026	H1 2026 excluding VadoTech	H1 2025	H1 2025 excluding VadoTech	FY 2025	FY 2025 excluding VadoTech
	£m	£m	£m	£m	£m	£m
Testing Services						
Revenue	6.5	4.3	9.1	3.3	18.0	7.5
Adjusted EBITDA	1.7	1.9	2.8	1.5	5.8	4.2
Adjusted operating profit	1.2	1.6	1.9	0.9	4.4	3.4

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.

Our newly launched Delta S3 Spin simulator received its first order late in FY 2025 and further orders in FY 2026, demonstrating the value of the investment made in this area.

Simulation revenue decreased by 1% to £11.3m (H1 2025: £11.4m) due to lower motion platform sales in the period, where we expect revenue to be more heavily weighted to the second half, offset by higher software sales. High value motion platform sales are individually material and two further contract wins are assumed in H2 2026 revenue expectations.

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 offering with new products such as the Delta S3 Spin simulator that was launched during the previous year, with further orders received from customers during the first half of this 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.

In relation to Artificial intelligence ('AI'), our recently launched AV Elevate tool is designed to accelerate the development of Autonomous Vehicles ('AVs') and ADAS by enabling engineers to train and test their technology, such as sensor systems or perception algorithms, using engineering-grade synthetic training data that can be customised to cover hundreds of edge-case scenarios. Further opportunities to exploit AI in our product and software offering are being explored, in addition to maximising efficiencies from its use in administrative tasks such as the preparation of proposal documents and meeting minutes.

The Group's intellectual property ('IP') is critical to its market-leading position and we have taken steps to mitigate the risk of loss of IP due to AI related data leaks, including only using approved enterprise AI tools and implementing a Group wide AI Usage Policy that restricts how confidential and proprietary information may be used, ensuring that Group data is not shared externally or used to train public AI models.

The development and adoption of AVs is not perceived as a risk to demand for the Group's products. Our platforms and targets are required by AV developers to create realistic, multi-object scenarios for testing, while our driving robots are used as actuators to develop and test control algorithms used in self-driving vehicles. As the regulatory environment for AVs matures, this will lead to an increased level of testing and certification which the Group is well placed to benefit from, both via physical testing and in simulation.

Capability and capacity

The investment in the Group's infrastructure, people and processes over the last five years has built the foundations for accelerating profitable growth, which in turn has been demonstrated by the margin expansion seen during the prior 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.

A number of M&A opportunities were evaluated during the period, but we remained disciplined in our evaluation process against strategic and financial criteria and chose not to progress any of these to completion.

There is a promising pipeline of potential value enhancing and strategically compelling acquisition opportunities and with net cash of £39.3m at period end, the Group has significant resources with which to take advantage of opportunities that arise.

Service and support

The Group has expanded its software suite during the period with the release of a new module designed specifically for the demands of the latest Euro NCAP 2026 protocols, with over 1,000 new pre-defined test scenarios, enabling customers to significantly increase the efficiency of testing. In addition, market interest

is continuing to build for the Group's simulation software solution for ADAS and AV development, AV Elevate.

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 applications for the robotic automation retrofit system are in progress.

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

Medium term growth ambitions

The strategic pillars described above gave rise to the medium-term growth ambitions we articulated in November 2024. At that point we clearly didn't have visibility of some of the geo-political and macro-economic issues and challenges that 2025 and 2026 have brought and the medium-term progression was never likely to occur in a linear fashion. Market conditions in the last two years have seen particularly high levels of disruption to operational and demand environments, but we have continued to take the key enabling actions and strategic developments that will support our delivery of these ambitions over time. With the structural drivers supporting growing demand in our core markets only strengthening in this period, we remain confident in the Group's ability to achieve our key targets.

Organic revenue growth

The Group's ambition of average organic growth of 10% per year is underpinned by structural tailwinds in vehicle development and safety regulation, which have supported the revenue growth the Group has delivered previously and, given the long-term nature of these market drivers, is expected to sustain increases in both volume and pricing going forward. The impacts of the structural tailwinds are multi-faceted and the timing of the associated volume increases is fluid across different geographies and OEM customers.

In vehicle development, for example, our testing equipment is used in the development of active safety features for new vehicle models, thus sales volumes for equipment correlates broadly with the adoption of these features into new models. As OEMs include an increasing level of active safety features throughout their range of models, for example by adding more ADAS technology onto vehicles sold in non-mature markets such as India, demand for our equipment is expected to increase. Volume increases for our Simulation sector will be driven by the gradual adoption of simulation by OEMs in the development process. The benefits of this are clear, namely the drive for cost efficiency and speed to market, however OEMs are at varying stages of technology adoption and hence the timing of growth is dependent on the conversion of specific opportunities.

In safety regulation, increases in volume in our Testing Products and Testing Services sectors are linked to step changes in regulatory requirements and the requirements of consumer rating bodies such as Euro NCAP. Again, the link to volumes is multi-faceted, varying by OEM and geography, with non-linear timing and demand drivers occurring at both the development phase, for the OEMs developing the safety technology, and at the certification stage, for OEMs and regulatory bodies performing testing. As an example, the upcoming regulatory change in the US, which will mandate all passenger vehicles to have Automatic Emergency Braking by 2029, has driven a significant demand increase for testing equipment among US OEMs who are responding to the regulatory step change by adding to their ADAS testing capabilities. Similar demand trends have been observable in the past as regulatory and consumer ratings testing stringency has increased in recent years, and are expected to continue as the testing environment increases in complexity and non-mature markets harmonise testing standards with mature markets such as Europe.

In addition to the expected volume increases, the Group has a strong position in the market and a premium offering, which gives it strong pricing power and has enabled it to consistently increase prices above inflation in recent years. The safety critical applications for the Group's equipment, as well as its service and support package that is critical to its customers' development cycles, further strengthens the Group's competitive position and should facilitate further price increases in future, which will contribute towards achieving its organic growth targets.

Margin progression

The Group made good progress in this area in FY 2025, delivering operational improvements which were margin enhancing and embedded in the business, thus we see the full year effect of these in H1 2026. We maintain our focus on commercial and operational excellence which we expect to allow us to deliver the targeted > 20% margin in the medium term.

Targeted M&A

We continue to target value enhancing M&A. We review a number of opportunities in each period, but maintain our discipline when evaluating them so that we execute only those that meet our strategic and financial criteria. We maintain a Group balance sheet that gives us the flexibility to execute transactions as and when the right opportunity arises.

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. A reconciliation of adjusted measures to statutory measures is provided in note 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 £49.7m and adjusted operating profit would have been £0.2m higher than reported at £9.3m, as the US dollar and Yen weakened against sterling while the Euro has strengthened against sterling compared to H1 2025.

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). On a rolling 12-month basis the ROCE was 21.2% (H1 2025: 20.3%) 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

Dividends

The Board has declared an interim dividend of 3.08p per ordinary share (H1 2025: 2.80p), an increase of 10%, which will be paid on 15 May 2026 to shareholders on the register on 1 May 2026.

A final dividend of 6.36p per share was paid on 30 January 2026 in respect of the year ended 31 August 2025 totalling £1.5m. 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 set out its medium-term growth ambitions in November 2024 and remains committed to delivering those ambitions, capitalising on the compelling structural growth drivers within our core sectors through the Group's market leading service and technology capabilities. Whilst market conditions over the last 12 months have created short-term disruption, we view this very much as a timing difference as opposed to any fundamental change in the market's requirement for our products and services, which continues to strengthen.

The Group is geographically diversified, OEM 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, which we saw increase towards the end of FY 2025, remained at robust levels through the first half of FY 2026. As a result, the Group carries forward £47m of orders (H1 2025: £42m), with £29m for delivery in H2, which combined with revenue delivered in the first half of the year provides circa 70% cover of FY 2026 expected revenue.

We note the emerging situation in the Middle East and whilst the Group has no operating footprint in the region, we continue to monitor any potential impacts from broader risks to trade, cost inflation and supply chain disruption. The Group has strong pricing power and a proven, agile approach to managing the business through changing conditions and so we remain confident in delivering on our key strategic and operational priorities.

Whilst we are mindful of the current geopolitical uncertainty, absent an extended disruption, the Board expects adjusted operating profit for FY 2026 to be in line with current expectations² with an expected 55-60% revenue 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 £24.4m.

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
Sarah Matthews-DeMers
Chief Executive Officer
14 April 2026

AB Dynamics plc
Unaudited condensed consolidated statement of comprehensive income

for the six months ended 28 February 2026

	Note	Unaudited 6 months ended 28 February 2026			Unaudited 6 months ended 28 February 2025			Audited Year ended 31 August 2025		
		Adjusted £m	Adjustments £m	Statutory £m	Adjusted £m	Adjustments £m	Statutory £m	Adjusted £m	Adjustments £m	Statutory £m
Revenue	2	48.8	-	48.8	58.0	-	58.0	114.7	-	114.7
Cost of sales		(17.7)	-	(17.7)	(23.1)	-	(23.1)	(43.6)	-	(43.6)
Gross profit		31.1	-	31.1	34.9	-	34.9	71.1	-	71.1
General and administrative expenses		(22.0)	(21.2)	(43.2)	(24.1)	(4.1)	(28.2)	(47.8)	(7.8)	(55.6)
Operating profit / (loss)		9.1	(21.2)	(12.1)	10.8	(4.1)	6.7	23.3	(7.8)	15.5
Operating profit / (loss) is analysed as:										
Before depreciation and amortisation		11.3	(18.1)	(6.8)	12.9	(1.0)	11.9	27.8	(1.6)	26.2
Depreciation and amortisation		(2.2)	(3.1)	(5.3)	(2.1)	(3.1)	(5.2)	(4.5)	(6.2)	(10.7)
Operating profit / (loss)		9.1	(21.2)	(12.1)	10.8	(4.1)	6.7	23.3	(7.8)	15.5
Net finance expense		-	(0.3)	(0.3)	(0.1)	(0.3)	(0.4)	(0.4)	(0.5)	(0.9)
Profit / (loss) before tax		9.1	(21.5)	(12.4)	10.7	(4.4)	6.3	22.9	(8.3)	14.6
Tax (expense) / credit		(1.8)	2.0	0.2	(2.1)	0.9	(1.2)	(4.2)	1.6	(2.6)
Profit / (loss) for the period		7.3	(19.5)	(12.2)	8.6	(3.5)	5.1	18.7	(6.7)	12.0
Other comprehensive income										
Items that may be reclassified to consolidated income statement:										
Exchange gain on translation of foreign operations		0.6	-	0.6	1.1	-	1.1	0.1	-	0.1
Total comprehensive income / (loss) for the period		7.9	(19.5)	(11.6)	9.7	(3.5)	6.2	18.8	(6.7)	12.1
Earnings / (loss) per share – basic (pence)	5	31.7p		(53.0p)	37.5p		22.2p	81.3p		52.2p
Earnings / (loss) per share – diluted (pence)	5	31.3p		(53.0p)	37.0p		21.9p	80.3p		51.5p

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

as at 28 February 2026

		Unaudited 28 February 2026 £m	Unaudited 28 February 2025 £m	Audited 31 August 2025 £m
ASSETS	Note			
Non-current assets				
Goodwill		39.0	46.2	45.3
Acquired intangible assets		21.8	32.5	29.3
Other intangible assets		3.2	2.8	2.9
Property, plant and equipment		28.8	29.8	29.0
Right-of-use assets		3.0	3.0	3.0
		95.8	114.3	109.5
Current assets				
Inventories		12.6	15.2	13.9
Trade and other receivables		22.6	20.5	14.3
Contract assets		2.8	3.8	4.6
Cash and cash equivalents	7	42.9	30.6	44.7
		80.9	70.1	77.5
Assets held for sale		1.9	1.9	1.9
LIABILITIES				
Current liabilities				
Trade and other payables		21.3	21.3	19.7
Contract liabilities		12.6	10.5	9.1
Short-term lease liabilities	7	1.1	1.8	1.1
Contingent consideration		6.3	3.8	6.1
		41.3	37.4	36.0
Non-current liabilities				
Deferred tax liabilities		8.4	7.9	9.7
Long-term lease liabilities	7	2.5	1.6	2.2
Contingent consideration		-	3.4	1.1
		10.9	12.9	13.0
Net assets		126.4	136.0	139.9
Shareholders' equity				
Share capital		0.2	0.2	0.2
Share premium		62.9	62.9	62.9
Other reserves	8	1.4	1.8	0.8
Retained earnings		61.9	71.1	76.0
Total equity		126.4	136.0	139.9

AB Dynamics plc**Unaudited condensed consolidated statement of changes in equity**

for the six months ended 28 February 2026

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 September 2025	0.2	62.9	0.8	76.0	139.9
Total comprehensive income / (loss)	-	-	0.6	(12.2)	(11.6)
Share based payments	-	-	-	0.7	0.7
Dividend paid	-	-	-	(1.5)	(1.5)
Purchase of own shares	-	-	-	(1.1)	(1.1)
At 28 February 2026	0.2	62.9	1.4	61.9	126.4
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 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
Unaudited condensed consolidated cash flow statement
for the six months ended 28 February 2026

	Unaudited 6 months ended 28 February 2026 £m	Unaudited 6 months ended 28 February 2025 £m	Audited Year ended 31 August 2025 £m
(Loss) / profit before tax	(12.4)	6.3	14.6
Depreciation and amortisation	5.3	5.2	10.7
Finance expense	0.3	0.4	0.9
Share based payments	0.7	0.8	0.7
Impairment and other non-cash exceptional items	16.4	-	-
Operating cash flows before changes in working capital	10.3	12.7	26.9
Decrease/(increase) in inventories	1.4	(0.2)	1.0
Increase in trade and other receivables	(7.5)	(7.0)	(1.6)
Increase in trade and other payables	0.6	2.8	1.5
Cash flows from operations	4.8	8.3	27.8
Cash flows from operations are analysed as:			
Adjusted cash flows from operations	6.5	9.3	29.4
Cash impact of adjusting items	(1.7)	(1.0)	(1.6)
Cash flows from operations	4.8	8.3	27.8
Finance income / (costs) received / (paid)	0.1	-	(0.2)
Income tax paid	(0.9)	(1.6)	(2.9)
Net cash flows from operating activities	4.0	6.7	24.7
Cash flows used in investing activities			
Acquisition of businesses net of cash	(1.1)	(3.5)	(3.4)
Purchase of property, plant and equipment	(1.2)	(0.9)	(2.3)
Capitalised development costs and purchased software	(0.4)	(0.6)	(0.8)
Proceeds from sale of property, plant and equipment	0.1	-	-
Net cash used in investing activities	(2.6)	(5.0)	(6.5)
Cash flows used in financing activities			
Dividends paid	(1.5)	(1.2)	(1.9)
Purchase of own shares	(1.1)	(1.0)	(2.1)
Repayment of lease liabilities	(0.7)	(0.7)	(1.3)
Net cash flow used in financing activities	(3.3)	(2.9)	(5.3)
Net (decrease) / increase in cash and cash equivalents	(1.9)	(1.2)	12.9
Cash and cash equivalents at beginning of the period	44.7	31.8	31.8
Effects of exchange rate changes	0.1	-	-
Cash and cash equivalents at end of the period	42.9	30.6	44.7

AB Dynamics plc
Notes to the unaudited interim report
for the six months ended 28 February 2026

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 and services 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 2025 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 2025.

A new amendment to standards and interpretations became applicable for the current reporting period. The application of this amendment has not had any material impact on the disclosures, net assets or results of the Group.

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 2026 the Group had £39.3m 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 2027, 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 the 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 2026					Unaudited 6 months ended 28 February 2025				
	Testing Products £m	Testing Services £m	Simulation £m	Unallocated* £m	Total £m	Testing Products £m	Testing Services £m	Simulation £m	Unallocated* £m	Total £m
Revenue	31.0	6.5	11.3	-	48.8	37.5	9.1	11.4	-	58.0
Adjusted operating profit	6.8	1.2	3.1	(2.0)	9.1	8.1	1.9	2.8	(2.0)	10.8
Operating profit is analysed as:										
Before depreciation and amortisation	8.2	1.7	3.4	(2.0)	11.3	9.1	2.8	3.0	(2.0)	12.9
Depreciation and amortisation	(1.4)	(0.5)	(0.3)	-	(2.2)	(1.0)	(0.9)	(0.2)	-	(2.1)
Adjusted operating profit	6.8	1.2	3.1	(2.0)	9.1	8.1	1.9	2.8	(2.0)	10.8
Amortisation of acquired intangibles	(0.2)	(1.7)	(1.2)	-	(3.1)	(0.2)	(1.7)	(1.2)	-	(3.1)
Adjusting items	-	(16.8)	-	(1.3)	(18.1)	-	-	-	(1.0)	(1.0)
Operating profit / (loss)	6.6	(17.3)	1.9	(3.3)	(12.1)	7.9	0.2	1.6	(3.0)	6.7
Net finance expense					(0.3)					(0.4)
(Loss) / profit before tax					(12.4)					6.3
Tax credit / (expense)					0.2					(1.2)
(Loss) / profit for the year					(12.2)					5.1

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

Audited
Year ended
31 August 2025

	Testing Products £m	Testing Services £m	Simulation £m	Unallocated* £m	Total £m
Revenue	74.3	18.0	22.4	-	114.7
Adjusted operating profit	16.9	4.4	5.0	(3.0)	23.3
Operating profit is analysed as:					
Before depreciation and amortisation	19.4	5.8	5.5	(2.9)	27.8
Depreciation and amortisation	(2.5)	(1.4)	(0.5)	(0.1)	(4.5)
Adjusted operating profit	16.9	4.4	5.0	(3.0)	23.3
Amortisation of acquired intangibles	(0.5)	(3.4)	(2.3)	-	(6.2)
Adjusting items	-	-	-	(1.6)	(1.6)
Operating profit	16.4	1.0	2.7	(4.6)	15.5
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:

	Unaudited 6 months ended 28 February 2026 £m	Unaudited 6 months ended 28 February 2025 £m	Audited Year ended 31 August 2025 £m
Europe (including United Kingdom)	12.9	11.7	31.8
North America	13.0	17.3	29.4
Asia Pacific	22.3	28.9	53.3
Rest of World	0.6	0.1	0.2
	48.8	58.0	114.7

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 EBITDA, adjusted operating profit, 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.

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 2026			H1 2025		
	Adjusted	Adjustments	Statutory	Adjusted	Adjustments	Statutory
EBITDA (£m)	11.3	(18.1)	(6.8)	12.9	(1.0)	11.9
Operating profit / (loss) (£m)	9.1	(21.2)	(12.1)	10.8	(4.1)	6.7
Operating margin	18.6%		(24.8%)	18.6%		11.6%
Finance expense (£m)	-	(0.3)	(0.3)	(0.1)	(0.3)	(0.4)
Profit / (loss) before tax (£m)	9.1	(21.5)	(12.4)	10.7	(4.4)	6.3
Taxation (£m)	(1.8)	2.0	0.2	(2.1)	0.9	(1.2)
Profit / (loss) after tax (£m)	7.3	(19.5)	(12.2)	8.6	(3.5)	5.1
Diluted earnings/(loss) per share (pence)	31.3		(53.0)	37.0		21.9
Cash flow from operations (£m)	6.5	(1.7)	4.8	9.3	(1.0)	8.3

The adjustments comprise:

	H1 2026	H1 2025	Cash flow impact H1 2026	Cash flow impact H1 2025
	£m	£m	£m	£m
Amortisation of acquired intangibles	3.1	3.1	-	-
Acquisition related costs	0.1	0.5	0.1	0.5
ERP development costs	0.5	0.5	0.5	0.5
CEO and CFO transition costs	0.7	-	0.7	-
Impairment of VadoTech Group assets	12.3	-	-	-
Restructuring costs – VadoTech Group	0.4	-	0.4	-
Onerous contract provision – VadoTech Group	4.1	-	-	-
Adjustments to operating profit	21.2	4.1	1.7	1.0
Acquisition related finance costs	0.3	0.3	-	-
Adjustments to profit before tax	21.5	4.4	1.7	1.0

Amortisation of acquired intangibles

The amortisation relates to the businesses acquired in the previous years, DRI, rFpro, VadoTech Group, Ansible Motion, Venshure Test Services and Bolab.

Acquisition related costs

The current year cost relates to the professional fees incurred in relation to the Group's mergers and acquisitions activity during the period. The cost in the prior year relates to the acquisition of Bolab.

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.

CEO and CFO transition costs

The amount includes the external recruitment costs of both the CEO and CFO roles, together with the one-off costs of restructuring the corporate office team following the change in leadership.

Impairment of VadoTech Group assets

VadoTech Group has seen significantly weaker than anticipated volumes under its new contract with a European OEM, awarded at the end of last year. The customer has faced challenging local market conditions and the lower consequent activity has resulted in revenue reducing by approximately one half to less than £3m for the period. In light of this, the Group will undertake a strategic review of VadoTech Group during the second half of the year and has recorded a non-cash impairment expense of £12.3m, of which £6.4m relates to goodwill, £4.4m to acquired intangible assets and £1.5m to other assets.

Restructuring costs - VadoTech Group

The amount includes one-off costs of redundancy payments incurred to date at VadoTech Group, as the Group took mitigating action to reduce its cost base in response to the lower than anticipated volumes under its new contract.

Onerous contract provision - VadoTech Group

The contract with a European OEM with lower than anticipated volumes is in a loss-making position as a result of the unavoidable costs to meet the obligations under the contract, therefore an onerous contract provision has been recorded.

Acquisition related finance costs

Finance costs relate to the unwind of the discount on deferred contingent consideration payable on the acquisition of Venshure Test Services and Bolab (H1 2025: Venshure Test Services and Bolab).

Tax

The tax impact of these adjustments was as follows: amortisation £0.8m (H1 2025: £0.8m, 31 August 2025: £1.3m), acquisition related costs £nil (H1 2025: £Nil, 31 August 2025: £0.1m), impairment of VadoTech Group assets £0.8m (H1 2025: £Nil, 31 August 2025: £Nil), restructuring costs £0.3m (H1 2025: £Nil, 31 August 2025: £nil) and ERP development costs £0.1m (H1 2025: £0.1m, 31 August 2025: £0.2m).

Cash impact

The operating cash flow impact of the adjustments was an outflow of £1.7m (H1 2025: £1.0m, 31 August 2025: £1.6m) being £0.5m (H1 2025: £0.5m, 31 August 2025: £1.1m) in relation to ERP development costs, £1.1m (H1 2025: £Nil, 31 August 2025: £Nil) in relation to restructuring costs and £0.1m (H1 2025: £0.5m, 31 August 2025: £0.5m) in relation to acquisition costs.

4. Tax

The statutory effective tax rate for the period is a credit of 2% (H1 2025: charge of 19%, FY 2025: charge of 18%).

The adjusted effective tax rate, adjusting both the tax charge and the profit before taxation is 20% (H1 2025: 20%, FY 2025: 18%).

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 2026	Unaudited 6 months ended 28 February 2025	Audited Year ended 31 August 2025
Weighted average number of shares ('m)			
Basic	23.0	23.0	23.0
Diluted	23.3	23.3	23.3
(Loss) / earnings per share (pence)			
(Loss)/profit after tax attributable to owners of the Group (£m)	(12.2)	5.1	12.0
Basic	(53.0)	22.2	52.2p
Diluted	(53.0)	21.9	51.5p
Adjusted earnings per share (pence)			
Adjusted profit after tax attributable to owners of the Group (£m)	7.3	8.6	18.7
Adjusted basic	31.7	37.5	81.3p
Adjusted diluted	31.3	37.0	80.3p

6. Dividends

At the Annual General Meeting the shareholders approved a final dividend in respect of the year ended 31 August 2025 of 6.36p per ordinary share totalling £1.5m. This was paid on 30 January 2026 to shareholders on the register on 16 January 2026.

An interim dividend of 3.08p per ordinary share totalling £0.7m has been declared in respect of the year ending 31 August 2026 which will be paid on 15 May 2026 to shareholders on the register on 1 May 2026.

7. Net cash

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

	Unaudited 28 February 2026 £m	Unaudited 28 February 2025 £m	Audited 31 August 2025 £m
Cash and cash equivalents	42.9	30.6	44.7
Lease liabilities	(3.6)	(3.4)	(3.3)
	39.3	27.2	41.4

The Group has a £20.0m revolving credit facility with National Westminster Bank plc. The facility runs until 28 February 2029 with an option to extend for a further year at the lenders' discretion.

8. Other reserves

	Merger relief reserve £m	Reconstruction reserve £m	Translation reserve £m	Total other reserves £m
At 1 September 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
Other comprehensive loss	-	-	(1.0)	(1.0)
At 31 August 2025	14.6	(11.3)	(2.5)	0.8
Other comprehensive income	-	-	0.6	0.6
At 28 February 2026	14.6	(11.3)	(1.9)	1.4

9. Foreign exchange

The foreign exchange rates applied during the period were:

	H1 2026	H1 2025	FY 2025
Period end rate			
US dollar	1.35	1.26	1.35
Euro	1.14	1.21	1.16
Yen	210	189	199
Average rate			
US dollar	1.34	1.28	1.30
Euro	1.15	1.20	1.19
Yen	207	192	193

10. Acquisitions

Bolab

On 25 September 2024, the Group acquired 100% of Bolab Systems GmbH. 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) was potentially payable in cash across two tranches for the two years following completion, subject to meeting certain performance criteria for each year. No consideration was paid at the end of the first performance period. The remaining contingent consideration potentially payable at the end of the second performance period is presented below.

Contingent consideration	£m
At 31 August 2025	1.1
Unwind of discount	0.1
Exchange differences	-
At 28 February 2026	1.2
Current	1.2
Non-current	-

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) was potentially payable in cash across two tranches for the two years following completion, subject to meeting certain performance criteria for both years. No consideration was paid at the end of the first performance period. The remaining contingent consideration potentially payable at the end of the second performance period is presented below.

Contingent consideration	£m
At 31 August 2025	6.1
Cash paid	(1.1)
Unwind of discount	0.2
Exchange differences	(0.1)
At 28 February 2026	5.1
Current	5.1
Non-current	-

11. Principal risks

The principal risks and uncertainties impacting the Group are described on pages 58-60 of our Annual Report 2025. The Group's risk profile remains unchanged as at 28 February 2026, save in respect of the following areas of heightened risk:

- Downturn or instability in major geographic markets or market sectors
- Disruption in automotive market and loss of major customers
- Loss of key personnel

The potential impact on global markets as a result of the ongoing conflict in the Middle East and in particular the suspension of crude oil shipping from the region is difficult to quantify at this stage. The Group's direct exposure to the conflict is expected to be limited but the more general inflationary impacts of increasing energy costs and possible indirect effects on supply chains will be kept under review and mitigated where possible through customer price increases and supply chain planning.

Competition from Chinese OEMs has triggered a decline in business for European OEMs importing into China, which has negatively impacted the volumes of our VadoTech business that provides on-road testing services for European OEMs in China. However, 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 CEO transition created a vacancy for the CFO role which prompted the appointment of Andrew Lewis, an experienced FTSE 250 CFO as Interim CFO, in February 2026. Some other leadership changes have been made which, while unlikely to adversely impact the Group's customer relationships and trading performance, need to be carefully managed alongside the search for a new permanent CFO.

The Group's other risks as reported in the Annual report 2025 are: supply chain disruption, 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.