

*The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). Upon the publication of this announcement via a Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.*

**24 April 2018**

**AB Dynamics plc**  
("ABD" or the "Group")

### **Interim Results for the 6 months ended 28 February 2018**

AB Dynamics plc (AIM:ABDP), a designer, manufacturer and supplier of advanced testing systems and measurement products to the global automotive industry, is pleased to announce its Interim Results for the six month period to 28 February 2018.

#### **Financial Highlights**

- Revenues increased 39% to £15.3m (H1 2017: £11.0m)
- Profit before tax, excluding share option costs, increased 34% to £3.30m (H1 2017: £2.46m)
- Cash flow from operating activities increased by £4m to £5.3m (H1 2017: £1.3m)
- Basic EPS increased 86% to 12.35p (H1 2017: 6.65p), Diluted EPS increased 82% to 12.03p (H1 2017: 6.61p)
- Interim dividend increased 10% to 1.465p per ordinary share (H1 2017: 1.331p)

#### **Operational Highlights**

- Very strong demand for Guided Soft Targets
- Demand for Driving Robots also at an all-time high
- Good forward order book, providing visibility into FY2019
- Occupied new state of the art factory and offices at the beginning of the financial year
- Hopeful of receiving the first order for an Advanced Vehicle Dynamic Simulator
- Established AB Dynamics (Europe) GmbH, a new operating entity in Germany

#### **Tony Best, Chairman of AB Dynamics, commented:**

"We are pleased to report on an excellent start to the current financial year based on a strong commercial performance. We have built a good forward order book, both for the remainder of 2018 and into next year which gives us confidence in meeting market expectations.

The Group continues to invest in its people, products and facilities, and we now have 130 employees, an increase of 41% over the last year. We continue to evolve our structure to support a large and growing installed base of equipment and systems across the world, whilst also ensuring we carry on delivering the innovative new products and services that our customers expect. During the period, we established a new operating entity in Germany which will provide improved customer support and a local engineering resource.

The Board is pleased to announce the increased dividend to shareholders of 1.465p per ordinary share that is supported by the strength of our business and future prospects."

#### **For further information please contact:**

**AB Dynamics plc**

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Tony Best, Chairman

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### **Overview of AB Dynamics plc**

AB Dynamics is a leading designer, manufacturer and provider of advanced testing and measurement products for vehicle suspension, brakes and steering to the global automotive research and development sector.

The Group is headquartered in Bradford on Avon employing approximately 130 staff. AB Dynamics currently supplies all of the top twenty automotive manufacturers, including Honda, Toyota, Ford and Volkswagen, who routinely use the Group's products to test vehicle safety and dynamics.

## Chairman's Statement

We are pleased to report on an excellent result for the first six months of our financial year ended 28 February 2018. A strong commercial performance has resulted in reported revenue growing by 39% to £15.3million (H1 FY2017: £11.0m) and adjusted profit before tax (excluding non-cash share option charges) increasing by 34% to £3.3m (H1 FY2017: £2.46m). Despite a significant increase in administrative expenses £1.98million (H1 2017: £0.9m) largely due to the reversal of FX gains and reclassification of some engineers to administration, the operating margin at 21.5% is comparable to previous years (H1 2017 21.9%). Net cash at the period end was £12.9 million (H1 FY2017: £14.8 million) with the reduction in net cash being predominately due to planned expenditure on our new factory and offices.

The occupation of our new headquarters occurred at the beginning of the current financial year and this allowed more of our employees to be housed in a single location. Following careful planning, this relocation was completed with the minimum of disruption to the business and we had the pleasure of hosting our Annual General Meeting on the 7<sup>th</sup> December 2017 in our new conference facility.

The Group has established a strong forward order book and there remain good opportunities for future growth. We have therefore retained the use of our factory in Holt Road, which is now predominately an assembly area and machine shop, and we will continue to lease and to occupy the majority of our existing smaller sites nearby in order to meet our expected capacity needs. We have purchased land adjacent to our new facility and outline planning permission has been received for an additional unit of approximately 3,000m<sup>2</sup>, similar in size to the new headquarters.

The Group is seeing widespread demand for its products and services, most notably for Guided Soft Targets (GST), which are used by the automotive industry to evaluate and test the many developments in Advanced Driver Assistance Systems (ADAS) that are now being considered. The extensive use of the GST has benefited from the approvals obtained from key vehicle safety organisations both in Europe (EuroNCap) and the US (NHTSA) for ADAS testing. Demand for ABD's driving robots has also reached an all-time high.

The Group's future growth continues to be dependent upon the design and development of innovative and sophisticated products that can assist automotive OEMs and test houses in measuring and evaluating new vehicles. The Group continues to invest in and to expand its design and development capabilities to address these needs and a number of exciting new product development programmes are underway. Whilst a number of these developments remain commercially sensitive, we can report that we have made good progress with our Advanced Vehicle Dynamic Simulator, a Driver in Loop Simulator developed in collaboration with Williams Advanced Engineering, where we are now increasingly hopeful of receiving the first order.

The Group continues to evolve its structure and business processes to support a large and growing installed base of equipment and systems, whilst also ensuring that we do not compromise on our ability to deliver new products and services to customers. During the period the Group established a new operating entity in Germany, AB Dynamics (Europe) GmbH, which will provide enhanced levels of customer support and a local engineering capability.

We are pleased to report that the forward order book provides a sales pipeline for the remainder of this financial year and into the next and we look forward to the full year with confidence.

As previously announced, Tim Rogers stepped down as Chief Executive Officer at the end of February 2018. The recruitment process for his successor is well underway and it is hoped to be able to announce his successor in the summer. On behalf of the Board I would like to thank all our employees, now numbering 130, for their hard work during a very busy first half. The contribution of each and every employee is valued and appreciated and our success is due to their continued commitment and enthusiasm.

We are pleased to announce that the Directors are declaring an interim dividend of 1.465p per ordinary share. The ex-dividend date will be 3 May with a record date of 4 May and payment date 18 May 2018.

Anthony Best  
Chairman  
23 April 2018

## AB Dynamics plc

### Unaudited consolidated statement of comprehensive income

for the six months ended 28 February 2018

	Unaudited 6 months ended 28 February 2018 £	Unaudited 6 months ended 28 February 2017 £	Audited Year ended 31 August 2017 £	
	Notes			
Revenue	15,286,844	11,001,085	24,570,050	
Cost of sales	(10,021,727)	(7,629,162)	(16,654,153)	
Gross profit	5,265,117	3,371,923	7,915,897	
Administrative expenses	(1,981,218)	(898,286)	(1,985,069)	
Fair value (losses) / gains in respect of foreign currency forward contracts	-	(59,241)	(59,241)	
<b>Adjusted Operating profit before Share based payment costs</b>	<b>3,283,899</b>	<b>2,414,396</b>	<b>5,871,587</b>	
Share based payment costs	(366,204)	(805,649)	(1,464,817)	
<b>Operating Profit</b>	<b>2,917,695</b>	<b>1,608,747</b>	<b>4,406,770</b>	
Net finance income and (costs)	18,977	43,010	65,257	
<b>Profit before taxation</b>	<b>2,936,672</b>	<b>1,651,757</b>	<b>4,472,027</b>	
Income tax expense	(548,767)	(430,923)	(569,286)	
<b>Profit after taxation and total comprehensive income for the period</b>	<b>2,387,905</b>	<b>1,220,834</b>	<b>3,902,741</b>	
Earnings per share-Basic	2	12.35p	6.65p	20.83p
Earnings per share-Diluted	2	12.03p	6.61p	20.56p

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

for the six months ended 28 February 2018

	Unaudited 28 February 2018 £	Unaudited 28 February 2017 £	Audited 31 August 2017 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12,943,824	5,181,045	10,464,904
Deferred tax assets	208,646	-	148,140
	13,152,470	5,181,045	10,613,044
<b>CURRENT ASSETS</b>			
Inventories	6,878,530	3,780,447	4,959,435
Trade receivables	6,251,428	3,121,141	7,115,351
Other receivables, deposits and prepayments	1,614,098	1,285,884	1,536,134
Amount owing by contract customers	1,012,889	1,205,473	1,675,508
Derivative financial instruments	-	-	-
Taxation	-	-	-
Cash and cash equivalents	12,895,939	14,776,087	9,619,345
	28,652,884	24,169,032	24,905,773
<b>TOTAL ASSETS</b>	<b>41,805,354</b>	<b>29,350,077</b>	<b>35,518,817</b>
<b>EQUITY AND LIABILITIES</b>			
Called up share capital	193,875	191,119	191,119
Share premium account	9,668,311	8,579,264	8,579,265
Reconstruction reserve	(11,284,500)	(11,284,500)	(11,284,500)
Merger relief reserve	11,390,000	11,390,000	11,390,000
Retained earnings	21,741,167	16,347,092	19,370,938
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY AND TOTAL EQUITY</b>	<b>31,708,853</b>	<b>25,222,975</b>	<b>28,246,822</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	-	53,648	-
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9,461,622	3,856,571	6,951,803
Derivative financial instrument	-	58,165	-
Provision for taxation	634,879	158,718	320,192
	10,096,501	4,073,454	7,271,995
<b>TOTAL LIABILITIES</b>	<b>10,096,501</b>	<b>4,127,102</b>	<b>7,271,995</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>41,805,354</b>	<b>29,350,077</b>	<b>35,518,817</b>

**AB Dynamics plc**  
**Unaudited statement of changes in equity**  
for the six months ended 28 February 2018

	Share capital	Share premium	Merger relief reserve	Reconstruction reserve	Retained profits	Total equity
	£	£	£	£	£	£
<b>At 31 August 2017</b>	<b>191,119</b>	<b>8,579,265</b>	<b>11,390,000</b>	<b>(11,284,500)</b>	<b>19,370,938</b>	<b>28,246,822</b>
Share based payment expense	-	-	-	-	366,204	366,204
Profit after taxation and Total comprehensive Income for the financial year	-	-	-	-	2,387,905	2,387,905
Dividend paid	-	-	-	-	(383,880)	(383,880)
Issue of shares, net of share issue costs	2,756	1,089,046	-	-	-	1,091,802
<b>At 28 February 2018</b>	<b>193,875</b>	<b>9,668,311</b>	<b>11,390,000</b>	<b>(11,284,500)</b>	<b>21,741,167</b>	<b>31,708,853</b>
<b>At 31 August 2016</b>	<b>177,646</b>	<b>2,590,267</b>	<b>11,390,000</b>	<b>(11,284,500)</b>	<b>14,643,035</b>	<b>17,516,448</b>
Share based payment Expense	-	-	-	-	805,649	805,649
Profit after taxation and Total comprehensive Income for the financial year	-	-	-	-	1,220,834	1,220,834
Dividend paid	-	-	-	-	(322,426)	(322,426)
Issue of shares, net of share issue costs	13,473	5,988,997	-	-	-	6,002,470
<b>At 28 February 2017</b>	<b>191,119</b>	<b>8,579,264</b>	<b>11,390,000</b>	<b>(11,284,500)</b>	<b>16,347,092</b>	<b>25,222,975</b>
<b>At 31 August 2016</b>	<b>177,646</b>	<b>2,590,267</b>	<b>11,390,000</b>	<b>(11,284,500)</b>	<b>14,643,035</b>	<b>17,516,448</b>
Change in accounting policy	-	-	-	-	(62,850)	(62,850)
<b>At 31 August 2016 as restated</b>	<b>177,646</b>	<b>2,590,267</b>	<b>11,390,000</b>	<b>(11,284,500)</b>	<b>14,580,185</b>	<b>17,453,598</b>
Share based payment expense	-	-	-	-	1,464,817	1,464,817
Profit after taxation and Total comprehensive Income for the financial year	-	-	-	-	3,902,741	3,902,741
Tax impact of exercised Share Options	-	-	-	-	-	-
Dividend paid	-	-	-	-	(576,805)	(576,805)
Issue of shares, net of share issue costs	13,473	5,988,998	-	-	-	6,002,471
<b>At 31 August 2017</b>	<b>191,119</b>	<b>8,579,265</b>	<b>11,390,000</b>	<b>(11,284,500)</b>	<b>19,370,938</b>	<b>28,246,822</b>

**AB Dynamics plc**  
**Unaudited cash flow statement**  
for the six months ended 28 February 2018

	Unaudited 6 months Ended 28 February 2018 £	Unaudited 6 months Ended 28 February 2017 £	Audited Year Ended 31 August 2017 £
<b>Cash flow from operating activities</b>			
Profit before taxation	2,936,672	1,651,757	4,472,027
Adjustments for: -			
Change in accounting policy	-	-	(78,562)
Depreciation of property, plant and equipment	214,245	125,533	266,856
Loss on sale of property, plant and equipment	6,750	4,242	4,243
Finance income and costs	-	(32,270)	-
Interest income	(18,977)	(43,010)	(65,257)
Share based payment	366,204	805,649	1,464,817
<b>Operating cash flows, before working capital changes</b>	<b>3,504,894</b>	<b>2,511,901</b>	<b>6,064,124</b>
Decrease/(increase) in inventories	(1,919,095)	(588,804)	(1,767,793)
Decrease/(increase) in trade and other receivables	1,448,578	(718,061)	(5,432,557)
(Decrease)/increase in other payables	2,509,819	247,710	3,342,941
Fair value loss/(gain) on derivative instruments	-	-	(90,434)
<b>Cash flow (used in) / from operations</b>	<b>5,544,196</b>	<b>1,452,746</b>	<b>2,116,281</b>
Interest received	18,977	43,010	65,257
Income tax paid	(294,586)	(188,513)	(351,476)
<b>Net cash flow (used in) / from operating activities</b>	<b>5,268,587</b>	<b>1,307,243</b>	<b>1,830,062</b>
<b>Cash flow used in investing activities</b>			
Purchase of property, plant and equipment	(2,699,915)	(2,615,723)	(8,040,906)
Sale of property, plant and equipment	-	-	-
<b>Net cash flow used in investing activities</b>	<b>(2,699,915)</b>	<b>(2,615,723)</b>	<b>(8,040,906)</b>
<b>Cash flow used in financing activities</b>			
Dividends paid	(383,880)	(322,426)	(576,805)
Proceeds from issue of share capital, net of share issue costs	1,091,802	6,002,470	6,002,471
<b>Net cash flow from/(used in) financing activities</b>	<b>707,922</b>	<b>5,680,044</b>	<b>5,425,666</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>3,276,594</b>	<b>4,371,564</b>	<b>(785,178)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>9,619,345</b>	<b>10,404,523</b>	<b>10,404,523</b>
<b>Cash and cash equivalents at end of period</b>	<b>12,895,939</b>	<b>14,776,087</b>	<b>9,619,345</b>

**AB Dynamics plc**  
**Notes to the unaudited interim report**  
for the six months ended 28 February 2018

**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 and manufacture of test equipment for vehicle suspension, steering, noise and vibration. The company also offers a range of services which include analysis, design, prototype manufacture, testing and development.

The interim financial information has been prepared in accordance with the basis of the accounting policies set out in the annual report and accounts for the year ended 31 August 2017, which have been prepared in accordance with International Financial Reporting Standards as adopted for use by the European Union. The interim accounts are unaudited and do not constitute statutory accounts as defined in Section 434 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 statements for the year ended 31 August 2017, upon which the auditors issued an unqualified opinion, and which have been delivered to the registrar of companies.

The interim financial information has been drawn up using accounting policies and presentation expected to be adopted in the Group's full financial statements for the year ended 31 August 2018. Any new standards that will be adopted in full for the first time in the year-end financial statements did not have a material impact on this interim financial information.

The interim financial information for the six months ended 28 February 2018 was approved by the Board on 23 April 2018.

The Directors are declaring an interim dividend of 1.465p per ordinary share. The ex-dividend date will be 3 May, the record date 4 May and the payment date 18 May 2018.

## 2. 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 2018 £	Unaudited 6 months ended 28 February 2017 £	Audited Year Ended 31 August 2017 £
Profit after tax attributable to owners of the Company	2,387,905	1,220,834	3,902,741
<b>Weighted average number of shares</b>			
Basic	19,338,217	18,351,725	18,734,960
Diluted	19,853,038	18,472,797	18,982,585
<b>Earnings per share</b>			
Basic	12.35 pence	6.65 pence	20.83 pence
Diluted	12.03 pence	6.61 pence	20.56 pence

## 3. Analysis of revenue by geographical area and major customers

Revenues attributable to individual foreign countries are as follows:

	Unaudited 6 months ended February 2018 £	Unaudited 6 months ended February 2017 £	Audited Year ended August 2017 £
United Kingdom	478,935	405,771	1,174,643
Rest of the European Union	3,864,540	2,908,371	8,965,899
North America	2,022,911	2,449,020	3,299,671
Rest of the World	8,920,458	5,237,923	11,129,837
	<u>15,286,844</u>	<u>11,001,085</u>	<u>24,570,050</u>

There were no material non-current assets located outside the United Kingdom.

Revenues are derived from the following:

Revenue from sale of goods	14,152,302	8,844,552	20,766,061
Revenue from construction contracts	1,134,542	2,156,533	3,803,989
	<u>15,286,844</u>	<u>11,001,085</u>	<u>24,570,050</u>