Delivering our growth plan

AB Dynamics plc Annual Report 2025

Operating profit growth and margin expansion

Having invested in our Group product range, capability, leadership and new product development and along with leveraging our existing core strategy and technologies, the Group has made a strong start to delivering the medium-term growth plan despite a more challenging backdrop during the second half caused by macroeconomic and geopolitical disruption.

Investment case

READ MORE ABOUT OUR INVESTMENT CASE ON PAGE 2

Our markets

READ MORE ABOUT OUR MARKETS ON PAGE 10

Our strategy

READ MORE ABOUT OUR STRATEGY ON PAGE 13

Strategic report

Governance

Financial statements

Discover more at abdplc.com

Highlights of 2025

Strong start to delivering the medium-term growth plan

Operational 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
- New product development continues at pace and in line with the technology roadmap for Testing Products and Simulation markets
- 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

Strategic highlights

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

Financial highlights

Revenue
£114.7m +3%
(2024: £111.3m)

Adjusted* EBITDA
£27.8m +15%
(2024: £24.2m)

Adjusted* operating profit
£23.3m +15%
(2024: £20.3m)

Adjusted* operating margin
20.3% +210 bps
(2024: 18.2%)

Net cash
£41.4m
(2024: £28.6m)

Adjusted* diluted earnings per share (EPS)
80.3p +15%
(2024: 70.0p)

Dividend per share
9.16p +20%
(2024: 7.63p)

* Adjusted to exclude amortisation of acquired intangibles, acquisition related charges and exceptional items. All profit and earnings per share figures in this Annual Report refer to adjusted business performance as defined on page 30 with a reconciliation to statutory measures on page 111.

Investment case

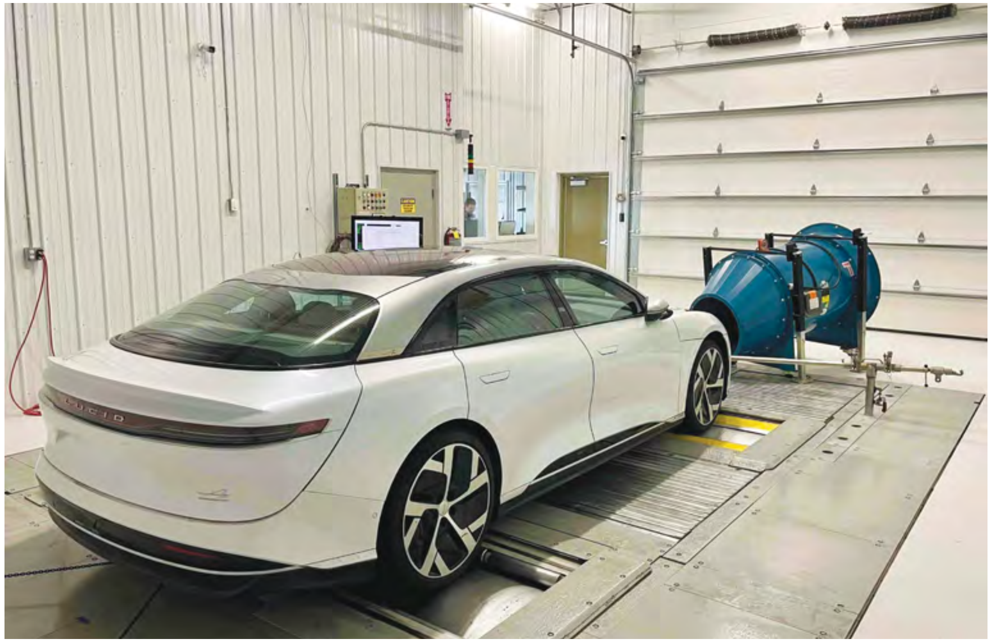
Market leader in growing markets

Structural and regulatory growth drivers across all our markets

The market for vehicle development products and services is supported by:

- Road safety – the significant increase in regulation of active safety systems, in terms of complexity of requirements and across new geographies and vehicle categories, will drive growth in products and services and incremental use of simulation
- New powertrains – the emergence of electric vehicles (EVs) and hybrids and new original equipment manufacturers (OEMs) drives growth in the number of vehicle models, all of which need certification across each market in which they are sold. Speed to market and cost efficiencies offered by simulation also drive adoption of our simulation range. New powertrains (e.g. hydrogen/reduced emission fuels) will result in further increases in new models

READ MORE ABOUT OUR MARKETS ON PAGE 10



Highly resilient business solving customers' sustainability challenges

Our global, diversified customer base and high-quality, long-term customer relationships provide resilience. We support customers throughout the vehicle development cycle.

The wider focus on road safety and reduction in accidents as well as the focus on new powertrains such as EVs are important long-term trends that will support continued growth, as the emergence of new vehicle models and technologies requires additional development work, testing and validation.

READ MORE IN OUR CHIEF FINANCIAL OFFICER'S REVIEW ON PAGE 21

Investment case continued

Strong margins with clear strategy for expansion

Highly differentiated products with continued investment in innovation underpin strong gross margins.

Now that the Group has a solid and scalable operating platform, operating margin expansion will be delivered through operational gearing, improvements in the supply chain and operational efficiency.

READ MORE IN OUR CHIEF FINANCIAL OFFICER'S REVIEW ON PAGE 18

Highly cash generative with clear capital allocation framework

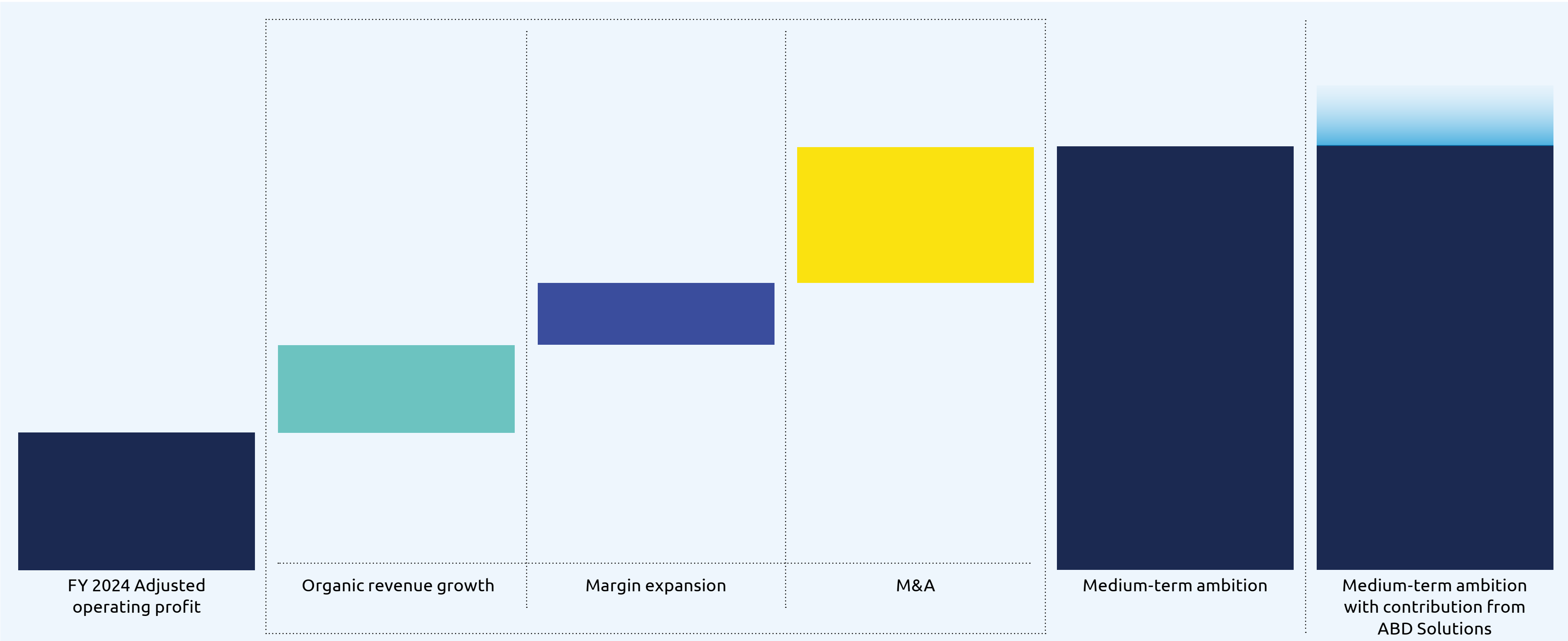
Our strong cash generation enables us to fund ongoing investment in organic growth across all our markets and to fund acquisitions.

Our capital allocation priorities are: investment in innovation to grow the organic business; bolt-on acquisitions; and our progressive dividend policy.

READ MORE ABOUT OUR CAPITAL ALLOCATION FRAMEWORK ON PAGE 20

Our medium-term growth ambition

Driving growth through organic expansion, operational excellence and strategic acquisitions



Our medium-term growth ambition continued

Value creation plan for delivering our medium-term growth ambition

Our value creation plan for the medium term was set out in November 2024 and targets doubling revenue and tripling operating profit from the FY 2024 baseline.

This will be achieved through the compounding effect of three elements, being organic revenue growth, margin expansion and strategic acquisitions.

Organic growth

Overview

- Our ambition is to deliver average organic revenue growth of 10% per annum
- Our growth is supported by long- term structural and regulatory growth drivers
- We are OEM agnostic and powertrain agnostic, selling into R&D and testing services functions globally, providing resilience against short-term automotive industry headwinds
- Market drivers are moving positively to support sustainable double-digit revenue growth across our business

READ MORE ABOUT OUR MARKETS ON PAGE 10

Progress in FY 2025

- 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

Links to strategy

1 2 4 5

Margin expansion

Overview

- Our ambition is for further sustained margin expansion to greater than 20%
- This will be accomplished by a combination of operational gearing and operational improvement. As we scale and simplify the business, we will standardise our processes and procedures to drive margin improvement
- The investment we have put in over the last five years means we have the capacity to deliver the next phase of growth without a corresponding step change in overheads

Progress in FY 2025

- Adjusted operating margin increased to 20.3% (2024: 18.2%) achieved through continued operational improvements and a richer mix of revenue. 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

Links to strategy

2 4

M&A

Overview

- Investment in acquisitions continuing our disciplined approach against well-defined acquisition criteria
- We target acquisitions with high gross margins in areas that we can add to our existing product or service capabilities, and that can be sold through our existing international sales channels
- Our approach is highly disciplined and well structured, allowing us to deliver acquisitions that are modelled and assessed on an acceptable level of return on investment
- We to look for profitable, cash generative businesses at reasonable multiples which are EPS accretive, and we typically have several acquisition opportunities in various phases of the transaction process at any one time

Progress in FY 2025

- The Group acquired Bolab, a niche supplier of automotive power electronics testing solutions with the integration progressing as planned and performance in line with expectations

Links to strategy

3

At a glance

A global leader

AB Dynamics is a leading global provider of development, test and verification solutions to the global transport market, facilitating the development of vehicles that are safer, more efficient and more sustainable.

With over 40 years of experience and a global network of partners, our solutions cover a wide range of testing and development requirements in areas such as simulation, active safety, durability, steering, suspension and autonomous driving. We help customers to achieve their goals in testing the performance, safety or comfort of their vehicles, developing the next generation of Advanced Driver Assistance Systems (ADAS) technologies and providing driverless solutions in controlled environments.

Global automotive clients

>150

Employees

553

Global revenue by region

- UK/Europe – 28%
- Asia Pacific – 46%
- North America – 26%

Revenue by customer category

- Automotive OEMs – 76%
- Service providers – 21%
- Tier 1 suppliers and technology – 3%

At a glance continued

Our solutions

Testing Products

Testing Products are used during road vehicle development for the test and verification of ADAS, autonomous systems and vehicle dynamics. Robots and ADAS platforms are used to test the performance of prototype vehicles around the test track. Our laboratory testing equipment is used to assess vehicle dynamics and electronic sub-systems. We also provide driverless solutions used in adjacent markets such as mining and specialist vehicles.

Testing Services

Our test facility in California, USA, uses our products to provide ADAS and vehicle dynamics tests on behalf of customers for development or certification of new vehicles. The Group also offers on-road testing services, with operations in China and Germany, as well as laboratory compliance testing through VTS, based in Michigan, USA.

Simulation

Simulation includes simulation software and driving simulators. These products are used during vehicle development to replicate the real world in a simulated environment and to characterise vehicle dynamics and performance across a wide range of applications including conventional vehicles, motorsport and automated vehicles.

Our simulator motion platforms along with our market-leading physics based simulation software reduce new vehicle development timescales, risks and costs by allowing meaningful evaluation earlier in the development process.

Revenue by segment

Testing Products revenue

£74.3m

65% of total revenue

READ MORE ON PAGE 22

Testing Services revenue

£18.0m

15% of total revenue

READ MORE ON PAGE 24

Simulation revenue

£22.4m

20% of total revenue

READ MORE ON PAGE 26

Chairman's statement

A strong start to delivering our medium-term growth plan

Richard Elsy CBE
Non-Executive Chairman

Highlights

- Appointment of Sarah Matthews-DeMers as CEO provides continuity for the Group into the next phase of its development
- Continued investment in new product development in our core markets
- Acquisition of Bolab strengthens our products offering
- Well placed to sustain growth momentum over the medium term as set out in our value creation plan

"We made a strong start to delivering our value creation plan with profit growth slightly ahead of expectations, margin improvement and the acquisition of Bolab, despite challenging macroeconomic circumstances."

Overview

I am very pleased to report we have made a strong start to delivering our value creation plan with profit growth slightly ahead of expectations, margin improvement and the acquisition of Bolab, despite challenging macroeconomic circumstances.

In the first half of the year we delivered double-digit revenue growth which was followed by a more challenging second half as timing of simulator orders was impacted by macroeconomic and geopolitical disruption.

Cash generation and cash conversion were strong, resulting in net cash at year end of £41.4m (2024: £28.6m) culminating in a robust balance sheet to deploy further value-enhancing investments in FY 2026.

Encouragingly, underlying demand drivers remain strong and customer activity increased towards the end of the year. Macroeconomic disruption has had a short-term timing impact in the second half of FY 2025, which we expect to continue into the first half of FY 2026; however, the long-term market and regulatory drivers remain compelling. The Board remains confident in delivering FY 2026 adjusted operating profit in line with current expectations, albeit expecting a bias towards the second half of the year.

Financial performance

The Group delivered revenue growth in the year of 3% to £114.7m (2024: £111.3m) with double-digit growth in the first half offset by more challenging conditions in the second half 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.

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.

Strategic progress

The Group made a strong start in the first year of delivering against the value creation plan. During FY 2025, 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.

Testing Products has been strengthened through the acquisition of Bolab, a niche supplier of automotive power electronics testing solutions.

The level of recurring revenue was maintained at 45% (2024: 45%), demonstrating the resilience of the Group's business model.

Following significant investment in capability and capacity, the Group now has a solid and scalable operational and commercial platform from which to capitalise on an ambitious multi-year organic-led growth opportunity, supported by strong long-term structural and regulatory growth drivers and supplemented with value-enhancing acquisitions.

Chairman's statement continued

Employees

I would like to take this opportunity to thank our global team of hard-working and committed employees who have all contributed to the successful results, responding to changing demands in what remains a challenging and fast-moving market. The Group attracts talent at all levels within the business and continues to invest in training all the way through from apprentices to graduates and continuing professional development.

The Group has grown strongly in recent years and we now have 553 employees, with around half located in the UK. The Board takes our responsibility towards employee engagement and development seriously and we were particularly pleased to complete our second Professional Development Programme for emerging talent to develop our future leaders.

Investments

The acquisition of Bolab during the year will continue to drive the Group strategy forward in order to deliver sustainable growth. Other investments included continued new product development and progress in the implementation of our ERP system.

Sustainability

I am pleased to report that the hard work and determination by the members of the Sustainability Committee and wider staff have delivered good progress on our sustainability strategy. The Board is committed to ongoing improvements in all aspects of sustainability.

Further information on our approach to sustainability can be found on pages 31 to 47 and the activities of the Sustainability Committee are summarised on page 83.

Corporate governance

Strong corporate governance and risk management are essential elements of the Board's activities and are key to ensuring the ongoing stability and growth of the Group. I am pleased to confirm that AB Dynamics plc is in compliance with the Quoted Companies Alliance Code (the QCA Code) as required under the AIM Rules. The Board takes into consideration feedback provided by various ratings agencies in setting policies and in developing our sustainability strategy as part of our continuous improvement in corporate governance. I report separately on the Group's approach to governance and its procedures in the Statement of corporate governance, which can be found on pages 68 to 78.

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.

Based on the strong financial performance and the Board's confidence in continued growth and delivery in 2026, the Board is recommending a final dividend of 6.36p per share, payable on 30 January 2026 subject to shareholder approval at the AGM. The ex-dividend date will be 15 January 2026 and the record date will be 16 January 2026. The total dividend for the year will therefore be 9.16p per share, which is an increase over the prior year of 20%, continuing the Board's progressive dividend policy.

Board changes

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

On 21 October 2025 we 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 our current 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 we 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.

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 expectations, 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.

Richard Elsy CBE
Non-Executive Chairman
11 November 2025

OUR STRATEGY AND THE DETAILED FINANCIAL RESULTS ARE COVERED IN THE CHIEF FINANCIAL OFFICER'S REVIEW ON PAGES 18 TO 21

Our markets

Market drivers support growth

"Our growth is supported by significant long-term structural and regulatory market drivers, such as road safety improvements, the introduction of new vehicle powertrains and development of driverless solutions, as well as our own initiatives in innovation and diversification."

Our market drivers

The automotive sector continues to evolve and adapt to the structural and regulatory changes driving rapid unprecedented change:

- The ongoing societal need for improvements in road safety is driving the development of active safety, ADAS and increasing levels of autonomous systems
- The global challenge of climate change is driving strong demand for the acceleration of the implementation of EVs, hybrids and development of other alternative powertrains
- New entrants into the automotive market, particularly in EVs and autonomy, have placed pressures on traditional automotive OEMs to rapidly develop new technologies which require more complex tests

Consequently, whilst the automotive sector is experiencing disruption to production volumes and a slower rate of increase in EV sales than anticipated, it remains fully committed to investing in R&D in these key areas as each OEM needs to respond to these 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's simulation capabilities enable OEMs to accelerate the efficiency and speed of development by allowing customers to test in a virtual environment.

New vehicle models

New vehicle models launched during 2024

>200

Each new model needs development, optimisation, testing and certification, driving use of our products and services

New powertrains

Number of new EV models expected to nearly double from 2024 to 2035

1.8x

Increased number of different type of powertrains drives requirement for testing equipment and services

Consumer ratings

ADAS test scenarios performed per vehicle for Euro NCAP ratings expected to increase by 2030

>500 to >1,000

Leading to increased demand for our equipment

Regulation

Estimated road deaths per year

1.35m

Likely to lead to increased regulation to drive down number of incidents which will in turn lead to increased demand for our equipment

Our solutions Testing Products Testing Services Simulation

Our markets continued

Market trend		Impact on market	Opportunity for AB Dynamics
New vehicle models	**Links to strategy** 1 2 3 4 5 6 READ MORE ON PAGE 13	The emergence of electric vehicles and new entrants into the automotive market as well as developments in autonomy has led to significant increases in the number of new model launches. While the volume of EVs sold is growing more slowly than originally predicted, the number of available EV models is expected to nearly double over the next ten years. In addition, the slower transition to EVs is leading to renewed growth in hybrid platform development, with ICE vehicles expected to be around for longer, supporting significant levels of activity in new platform development.	This has placed additional pressures on traditional automotive OEMs to rapidly develop new technologies. The need for increased speed to market and cost effectiveness has led to acceleration in the use of simulation in automotive development. Our rFpro simulation software and Ansible Motion dynamic simulators provide solutions that allow customers to test new models in a virtual environment. The emergence of new sensor technology and the added capabilities in active safety and autonomy which are a differentiating factor for vehicle sales are driving growth in the volume and complexity of our testing equipment used by the OEMs during development. Each variant of each new model requires certification that it meets the regulations of each country in which it is sold. In order to obtain an NCAP safety rating, each model must also be certified by the local NCAP body. This drives growth in the amount of equipment required by the OEMs, service providers and certification providers. The customers' need for efficiency savings, consistency of test results and an increased focus on driver health and safety has created an opportunity for us to combine driving robots with our new detect and warn capability to provide a multi-vehicle, driverless testing solution. This can be used for automated mileage accumulation and durability testing.
New powertrains	**Links to strategy** 1 2 3 4 5 6 READ MORE ON PAGE 13	Increasing concerns about the environmental impact and the predicted scarcity of fossil fuel supply have made energy efficiency and reduced emissions a primary focus of OEMs and a primary selling point for new vehicles. OEMs are developing EVs and hybrid alternatives to the traditional internal combustion engines, and continued development of alternative fuel sources such as e-fuels and hydrogen, hybrid drivetrains and new technology continues to drive the market for vehicle development toolchains.	The Group's vehicle development tools and testing equipment are powertrain agnostic. OEMs are increasingly researching and developing alternative powertrains and drivetrain systems to meet growth sustainability challenges while balancing performance needs. Increased use of simulation during this process will reduce vehicle development timescales and costs by enabling meaningful testing earlier in the development process. The introduction of new powertrains changes the dynamics of vehicles, leading to evolution in the development of ADAS and further testing requirements. For example, EVs are heavier than conventional vehicles and require recalibrated ADAS sensors and adapted ADAS algorithms to account for altered braking distances and vehicle dynamics in collision scenarios. As a greater number of new powertrain models are introduced to the market in the coming years, we would expect this to drive a continuing requirement for our products in the development phase.

Our markets continued

Market trend		Impact on market	Opportunity for AB Dynamics
Consumer ratings	**Links to strategy** 1 2 3 4 5 READ MORE ON PAGE 13	Consumer bodies such as Euro NCAP (New Car Assessment Programme), Japan NCAP and China NCAP are independent safety organisations that provide car safety ratings determined from a series of vehicle tests which represent real-life accident scenarios. In order to obtain an NCAP safety rating when launching a new vehicle model, each variant of that model must be certified by an NCAP test laboratory. The development of new technology means that certification requires an increasing number of increasingly complex tests. Many of our products and services are used in the development and certification of these vehicles.	Growth in demand for our test equipment and services is driven by: • Improving safety technology as customers use our equipment in the development of new assisted driving and autonomous functions • An increasing number of tests. Over the last ten years the number of ADAS test scenarios performed for Euro NCAP ratings has increased from 18 to in excess of 500 and is expected to grow further • Increasing complexity of tests, for example new test scenarios designed to protect motorcyclists including collision with the rear of a motorcycle braking in queuing traffic • Standards expanding to multiple vehicle categories, such as commercial vans and trucks • Globally there are ten NCAP programmes of which Euro NCAP is currently the most stringent. It is expected that other NCAPs will move towards adoption of these stricter standards The growth in testing volume and complexity continues to drive demand for ADAS platforms and driving robots that are both more capable and more versatile. It is also expected to drive growth in simulation as not all the growth in testing will be able to be met through physical tests.
Regulation	**Links to strategy** 1 2 3 4 5 READ MORE ON PAGE 13	In addition to consumer ratings, the market for ADAS and active safety is driven by regulation from bodies such as the United Nations Economic Commission for Europe (UNECE) and the US regulator, the National Highway Traffic and Safety Administration (NHTSA). With an estimated 1.35m road deaths per year, of which a growing number are in the USA, there is growing pressure on regulators to improve standards, leading to further increases in the number of requirements and hence the number and complexity of tests required.	UNECE regulations mandate active safety equipment such as Automatic Emergency Braking (AEB) and emergency lane keeping assistance that must now be included on all new cars sold in countries including the UK, Europe and Japan. This requires testing the vehicle at a variety of approach speeds, offsets and loading and lighting conditions, driving increased need for our test equipment. The US government has committed to improving road safety and has begun to mandate the use of ADAS to assist in reducing injuries and fatalities. A new Federal Motor Vehicle Safety Standard requires all light-duty passenger vehicles to have AEB by 2029, but the capability mandated is significantly more challenging than in any other region and will affect all global OEMs who wish to sell into the US market. In order to meet the 2029 deadline OEMs need to start developing this capability now and despite the recent turbulence from tariffs, US OEM programmes are continuing at pace. This provides further demand for our equipment during the development phase and then later in the programme for formal testing and certification.

Our strategy

Delivering our strategy

“We accelerate our customers’ drive towards net zero emissions, improving road safety and the automation of vehicle applications.”

Over the last six years, AB Dynamics has grown significantly, delivering on our strategy to build a sustainable and resilient business with strong financial and operating performance. Building on the strength of our core business, coupled with value-enhancing acquisitions, the business has been transformed from a single entity in the UK to a multi-national group with twelve facilities in six countries across Europe, North America and Asia Pacific.

Key achievements

During FY 2025, the Group has expanded its portfolio in Testing Products, with the acquisition of Bolab and the launch of ClearTrack™, the LiDAR-based object detection system.

Testing Services have been strengthened through the integration of the recently acquired VTS, a provider of mileage accumulation, EV and environmental testing services in Michigan, USA.

In Simulation, we launched the Delta S3 Spin simulator in the year for the growing road car market and received the first order late in the second half of the year.

Recurring revenue has been maintained at 45% (2024: 45%).

As part of our diversification initiative, the Group has continued to develop new driverless solutions for new markets.

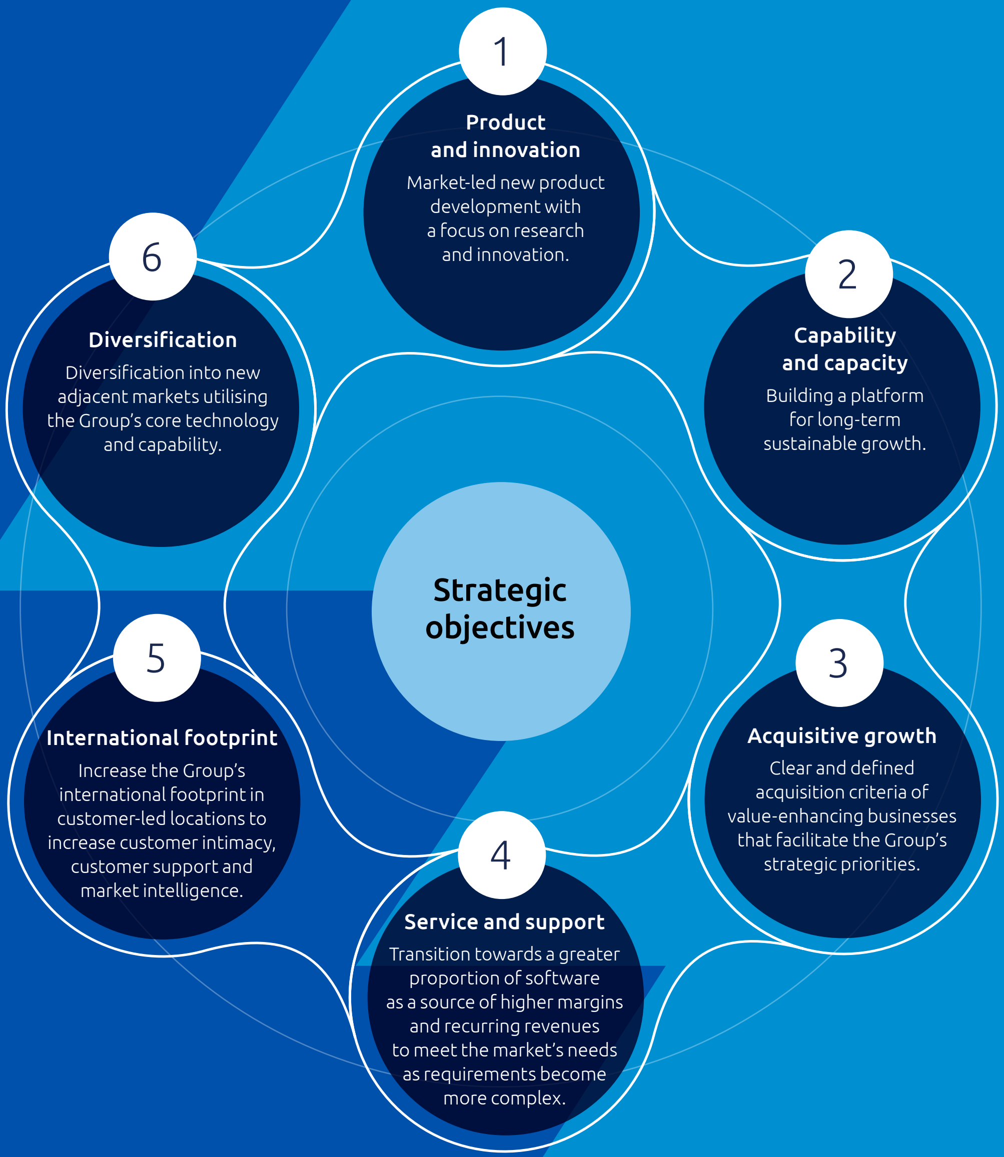
Future

Following significant investment in capability and capacity, the Group now has a solid and scalable operational and commercial platform from which to capitalise on an ambitious, multi-year, organic-led growth opportunity, supported by strong long-term structural and regulatory growth drivers and supplemented with value-enhancing acquisitions.

We will create value for shareholders through:

- Organic revenue growth supported by our market drivers
- Operating margin expansion from operational gearing, improvements in the supply chain and operational efficiency
- Value-enhancing acquisitions

From a 2024 baseline, our ambition is to double revenue and triple operating profit over the medium term, through the compounding effect of organic revenue growth of approximately 10% per year, an improvement in the operating margin to greater than 20% and investing cash generated into acquisitions.



M&A strategy

Our approach to acquisitions

Having delivered and integrated six acquisitions over the last six years, the team is experienced in successfully executing transactions.

A strong financial framework delivering value-enhancing M&A

- Strong track record of delivering and integrating value-enhancing acquisitions
- Our M&A pipeline is healthy and based on clear criteria
- We have the resources in place to execute
- We target profitable, cash generative businesses capable of achieving strong returns on investment, which are EPS accretive
- Typically targets will offer new product or service capabilities that can be cross-sold through our existing sales channels and relationships
- Highly disciplined approach to deal execution and post-acquisition integration

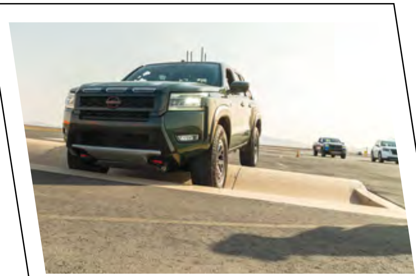
"The Group's strategy is to drive organic growth and compound this through the acquisition of value-enhancing companies that facilitate and accelerate the Group's strategic priorities."

50

Opportunities

25

Focused relationships



Up to four active discussions

Preferred approach: transact off-market

Acquisition of Bolab

A leading provider of niche automotive power electronics testing solutions

During FY 2025, the Group acquired Bolab Systems GmbH (Bolab), a leading provider of niche automotive power electronics testing solutions. Bolab is a specialised manufacturer of low-voltage and high-voltage equipment which are critical for testing and validating automotive sub-systems and components for conventional, EV and hybrid vehicles.

Based in Geislingen, Germany, Bolab offers a range of innovative testing solutions, including four-quadrant amplifiers and high-voltage test systems.

These systems are designed to simulate real-world electrical disturbances and verify the reliability and compliance of electronic components under various conditions.

Bolab's proprietary WaveMaster Software enables users to create complex waveforms without programming expertise, streamlining the testing process and enhancing flexibility.

Bolab's solutions enable its customers to conduct standard-compliant testing across a range of ISO and other OEM requirements.

Bolab prides itself on precision, innovation and customer-centric service. From product development to technical support, the company ensures tailored solutions that meet the highest standards of reliability and performance.

The acquisition supports several of the Group's strategic priorities including:

- Further alignment of the Group's product offerings to the structural growth drivers in the automotive sector
- Expanding the Group's capabilities and broadening the scope of Testing Products

Our business model

Delivering a customer-centric approach

Our purpose

We accelerate our customers' drive towards net zero emissions, improving road safety and the automation of vehicle applications through leadership and innovation in engineering and technology.

Key inputs

Product and technology leadership

Our innovative product development and significant intellectual property ensure cutting-edge products are available for every application across the markets we serve.

Talented workforce

Our highly skilled employees operate in niche capability areas. Our engineers and customer support teams work closely with our customers, supporting their requirements.

Global reach

We have international routes to market, with direct sales and support offices in key territories to facilitate growth and support our customers. We use distributors and representatives in other locations to expand our reach.

Why our customers choose us

Customer closeness

We have high-quality, long-term customer relationships with all major OEMs and test facilities, which enable us to provide support tailored to their needs and also assist in early identification of trends. Our local sales and support offices enable us to respond quickly to customer requirements.

Tailored solutions

In the automotive market, our broad range of products and services are used by customers throughout the development cycle from concept design to launch of new vehicle models. We provide innovative, tailored solutions to automate vehicles in other adjacent markets.

Continuous innovation

The Group has specialist expertise in a number of niche areas including driverless vehicle actuation, simulation software and dynamic simulators. Continuous investment in R&D in these areas enables us to support our customers in developing new solutions to meet emerging market requirements, improve efficiencies and meet new regulations.

Growth drivers

Value creation

We will create value for shareholders through:

- Organic revenue growth supported by our market drivers
- Operating margin expansion from operational gearing, improvements in the supply chain and operational efficiency
- Value-enhancing acquisitions

Our market drivers

1 NEW VEHICLE MODELS

2 NEW POWERTRAINS

3 CONSUMER RATINGS

4 REGULATION

READ MORE ABOUT OUR MARKETS AND STRATEGY ON PAGES 10 TO 14

Our business model continued

High-quality, long-term customer relationships

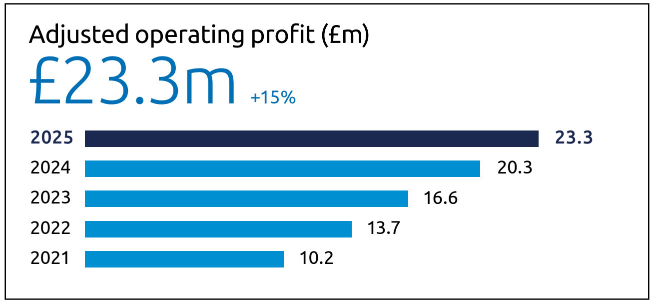
The vehicle development cycle

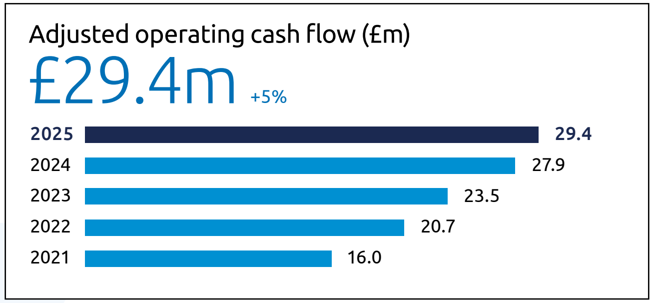
	1 Concept design	2 Sub-system design	3 Sub-system testing	4 Prototype ADAS testing	5 Durability testing	6 Type approval	7 On-road testing	8 NCAP testing
Customer type	OEM	Tier 1 supplier OEM	Tier 1 supplier OEM	OEM Service provider Tier 1 supplier	OEM Service provider	Ratings body/ regulator	OEM	Ratings body
What we do	• Simulation • Human factors • SPMM benchmark	• SPMM data • Simulation	• Testing Products • Testing Services	• Testing Products • Testing Services	• Testing Products • Testing Services	• Testing Products	• Testing Services	• Testing Products
Teams involved	AB Dynamics ansible motion rFpro DRI	AB Dynamics BOLAB ansible motion rFpro	AB Dynamics DRI BOLAB	AB Dynamics DRI	AB Dynamics VTS	AB Dynamics DRI	VadoTech	AB Dynamics

Chief Financial Officer's review

Strong start to executing the medium-term growth plan, margin improvement supported by strong cash generation

Sarah Matthews-DeMers
Chief Financial Officer





Overview

Our focus in 2025 has been on delivering the medium-term growth plan which we set out in November 2024. We are pleased to have made a strong start to executing this plan having delivered profit growth slightly ahead of expectations, margin improvement and the acquisition of Bolab, despite challenging macroeconomic circumstances.

In H1 2025 we delivered an 11% increase in revenue, expanded our operating margin to 18.6% and completed the acquisition of Bolab. H2 was tougher following the macroeconomic uncertainty which followed US-led tariff changes and revenue growth slowed. However, through delivery of our continuing programme of driving operational efficiency, aided by a positive mix impact, we delivered improvement in operating margin and operating profit slightly ahead of expectations. This performance demonstrates the resilience of the business.

Investments in our sales infrastructure, geographical coverage and R&D innovation have driven revenue growth, while our focus on operational skills, capabilities, systems and processes has enabled us to improve margins. These profits have been converted into cash through disciplined working capital management and capital allocation, enabling us to fund acquisitions to build out our product and service portfolio and enhance the resilience of the business.

Testing Products and Testing Services made strong progress, driven by good momentum coming into the year and sustained through supportive market drivers and the launch of new products and services. Simulation was impacted by the timing of order intake in H2.

The Group maintained its very strong financial position, with net cash at 31 August 2025 of £41.4m (2024: £28.6m) continuing the track record of excellent cash conversion, with in-year cash conversion of 106% and a three-year rolling average of 112%.

Chief Financial Officer's review continued

Trading 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. Constant currency revenue growth was 4% as foreign exchange provided a minor headwind.

The proportion of recurring revenue was maintained at 45% (2024: 45%) demonstrating the resilience of the business model.

Gross margin was 62.0%, up 240 bps on 2024, and the adjusted operating margin increased to 20.3% (2024: 18.2%) achieved through operational improvements and a richer mix of revenue. 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 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%). The effective tax rate is lower than the current UK corporation tax rate due to 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 order book at 31 August 2025 was £32m (2024: £30m). This provides coverage of approximately a quarter of FY 2026 expected revenue.

Statutory operating profit increased 22% to £15.5m (2024: £12.7m) and after net finance costs of £0.9m (2024: £0.7m), 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 in note 4 of the financial statements. The adjustments to operating profit of £7.8m (2024: £7.6m) comprise £6.2m (2024: £6.4m) of amortisation of acquired intangibles, £1.1m (2024: £1.0m) of ERP development costs and £0.5m (2024: £0.2m) in relation to acquisition costs. The £0.5m adjustment to the interest charge relates to the unwind of the discount on the contingent consideration for acquisitions (2024: £0.4m). The tax impact of these adjustments was £1.6m (2024: £1.4m).

Segment review

Testing Products revenue of £74.3m was up 7% against 2024 (£69.4m) with growth in driving robots and the contribution of Bolab offset by lower Suspension Parameter Measuring Machine (SPMM) sales.

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

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.

Cash generation

The Group delivered strong adjusted operating cash flow of £29.4m (2024: £27.9m) with cash conversion of 106% (2024: 115%). The strong cash generation was used to fund the acquisition of Bolab, as well as £3.1m of investment in product development and property, plant and equipment and dividends of £1.9m.

Net cash at the end of the year was £41.4m (2024: £28.6m), underpinning a robust balance sheet. Along with the Group's £20.0m revolving credit facility which extends to February 2028, this provides significant funding headroom to continue the Group's investment programme.

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)
	41.4	28.6

Chief Financial Officer's review continued

Group financial position

Non-current assets decreased by £1.4m from £110.9m to £109.5m, mainly due to depreciation and amortisation of £10.7m, offset by the acquisition of Bolab and capital investment in property, plant and equipment.

Working capital was £4.0m (2024: £3.6m), an increase of £0.4m in a year when revenue has grown by 3%. Working capital as a percentage of revenue has increased from 3.2% to 3.5%. The stability reflects our continued focus on commercial contracting, inventory levels and cash management, along with timing differences arising from long-term contracts.

Capital allocation

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

- Organic investment and innovation to protect and grow organic business
- Complementary acquisitions contributing to one or more of the Group's strategic priorities
- Progressive dividend policy

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). During the year, ROCE has increased from 17.4% to 20.2% benefiting from further improvement in operating margin alongside disciplined capital management.

ROCE is calculated as follows:

	2025 £m	2024 £m
Adjusted operating profit	**23.3**	20.3
Shareholders' equity	**139.9**	131.3
Net cash	**(41.4)**	(28.6)
Deferred tax	**9.7**	7.5
Contingent consideration	**7.2**	6.2
Capital employed	**115.4**	116.4
Return on capital employed	**20.2%**	17.4%

Acquisitions

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. 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.

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.

Bolab has been integrated into the Group's Testing Products segment and has been earnings accretive, delivering £4.4m of revenue and £0.3m of adjusted operating profit during FY 2025.

Acquisitions have been, and will continue to be, a significant part of the overall strategy and there is a promising pipeline of potential value-enhancing and strategically compelling acquisition opportunities.

Dividends

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.

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 adjusted operating profit was 16%.

	2025	2024
Year-end rate		
US Dollar	**1.35**	1.32
Euro	**1.16**	1.19
Japanese Yen	**199**	191
Average rate		
US Dollar	**1.30**	1.26
Euro	**1.19**	1.17
Japanese Yen	**193**	191

Chief Financial Officer’s review continued

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 expectations, 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.

Sarah Matthews-DeMers
Chief Financial Officer
11 November 2025

We have a highly resilient business

- Our market drivers support increased demand for our products and services in the medium to long term as new technologies, regulation and increased adoption of simulation drive significant growth opportunities for the Group, supporting the aspirations set out in our value creation plan
- The Group’s **geographic diversification** and broad customer base means we are **OEM agnostic**, providing protection against the current competitive environment between traditional manufacturers and new entrants
- The Group is also **powertrain agnostic**. With transition to EVs shifting to the right and a longer tail of ICE and hybrids, this supports an increase in the number of new models for a longer period from which we are well placed to benefit
- The Group’s main market is the **automotive R&D sector** therefore production volumes are not directly relevant to us. OEMs need to innovate to get new models to market faster and more efficiently to remain competitive therefore even in periods of market disruption, R&D budgets remain resilient

Operational review – Testing Products

Testing Products

The growth in testing volume and complexity continues to drive demand across our portfolio of products

Highlights 2025

Revenue

£74.3m (2024: £69.4m)

Operating margin

22.7% (2024: 19.0%)

- New product development continues at pace and in line with the technology roadmap for Testing Products
- Acquisition of Bolab expands our product offering
- 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 MARKET DRIVERS FOR GROWTH IN THE TESTING PRODUCTS SEGMENT ARE DETAILED IN OUR MARKETS SECTION ON PAGE 10

Introduction

The Group's testing products are used during road vehicle development for the test and verification of ADAS, autonomous systems, EVs, vehicle dynamics and electronic sub-systems. Main product categories include driving robots and ADAS platforms used on proving grounds and test tracks and Suspension Parameter Measurement Machines (SPMM) used in laboratory testing. This segment also includes driverless solutions used in adjacent markets such as mining and specialist vehicles.

Driving robots are used to control the vehicle under test to deliver a much higher level of accuracy and repeatability than human test drivers can achieve and rapid installation means our customers achieve the highest level of testing efficiency and reliability. The robot's capability to operate unmanned allows tests to be performed that would otherwise be considered too dangerous or harmful for human test drivers to accomplish.

ADAS test platforms are used to evaluate the performance of driver assistance technologies, such as AEB and Emergency Lane Keeping Assist. The ADAS test platform, together with a test object, is designed to mimic the visual, radar and dynamic attributes of real road users (e.g. pedestrians, cyclists, motorcyclists and cars). The platforms (Guided Soft Target or GST and LaunchPads) comprise powerful, electrically driven propulsion systems contained in an extremely robust, low-profile, over-drivable chassis. The test object (a soft car or dummy pedestrian or cyclist) mounted on top is constructed from lightweight and soft materials minimising the risk of damage in the event of a collision during testing. The ADAS platforms are controlled and synchronised with the vehicle under test by our comprehensive suite of software.

All of our driving robots and ADAS test platforms can be operated within a single software environment which can be used to synchronise and co-ordinate multi-object and complex test scenarios. Dedicated post-processing and reporting applications allow for live evaluation of test results against latest NCAP and regulatory standards.

The Group's SPMM products are large-scale testing rigs used to characterise the kinematics and compliance of vehicles. These machines are widely used by automotive OEMs and tier one suppliers to characterise vehicle dynamics, as well as providing vital input data to be used in simulation.

Operational review – Testing Products continued

Financial performance

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 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 Programme (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.

Laboratory testing revenue includes both SPMM and Bolab electronic testing solutions. 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 this segment in order to meet forthcoming regulatory requirements and to ensure we retain our market leadership in testing technology.

Progress during the year

The Group continues to build customer relationships, drive improvement in revenue and gross margins and invest in new product development to meet the growing demand from manufacturers and test providers to keep up to date with changes in regulations.

The growth in testing volume and complexity continues to drive demand for ADAS platforms and driving robots that are both more capable and more versatile.

During the year we have launched the LiDAR-based object detection system, ClearTrack™, following successful initial deliveries to a major automotive OEM. The system is designed to enhance the safety, efficiency and scalability of driverless operations on proving grounds and is fully compatible with our wider automated mileage accumulation and automated durability testing solutions.

Principal operations

The Testing Products segment principally operates from the AB Dynamics headquarters in Bradford on Avon, UK, with Bolab located in Geislingen, Germany.

Growth potential

Euro NCAP's new roadmap for 2025–2030 brings the prospect of further new test requirements, including:

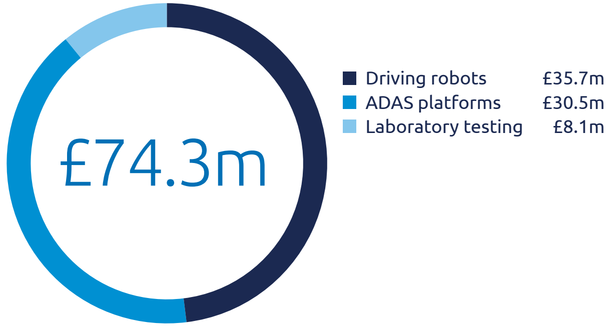
- Demand for additional categories and variety of test targets with increased realism
- Enhancements to vehicle safety assist functions for commercial vehicles, safe driving and crash avoidance
- Euro NCAP launch of Safer Trucks HGV rating system, expanding the newly introduced commercial vehicle rating scheme
- Euro NCAP focuses on protecting motorcyclists with new test scenarios introduced and further test scenarios expected as Euro NCAP enhances its rating scheme for assisted and automated driving

Changes to regulation include:

- Increasing regulation globally addressing ADAS and automated driving systems, with UNECE pushing harmonisation globally, guiding around 64 participating countries
- The US government has committed to a new Federal Motor Vehicle Safety Standard requiring all light-duty passenger vehicles to have AEB by 2029
- Demand for testing aimed at proving the function of assisted driving technologies that support highway driving (adaptive cruise control, lane keeping and Level 3+ automated driving functions)

ABD Solutions, the Group's technology accelerator provides opportunity to diversify into adjacent markets such as mining and defence.

Testing Products revenue



Testing Products revenue (£m)

Operational review – Testing Services

Testing Services

Expanded portfolio of services drives growth

Highlights 2025

Revenue
£18.0m (2024: £16.7m)

Operating margin
24.4% (2024: 25.1%)

- Integration of the recently acquired Venshure Test Services (VTS) expanding the capability of services offered by the Group
- Strong customer relationships have facilitated cross-selling of testing services
- Renewal of long-term testing services contract in China

THE MARKET DRIVERS FOR GROWTH IN THE TESTING SERVICES SEGMENT ARE DETAILED IN OUR MARKETS SECTION ON PAGE 10

Introduction

The Group's Testing Services segment provides on-road, track and laboratory testing services to the automotive market including evaluation of vehicle active safety systems, environmental testing and testing of autonomous technologies, EV drivetrains and battery performance, vehicle durability and vehicle dynamics.

The Group operates a test facility in California, USA, where testing of ADAS systems and vehicle dynamics is performed on behalf of OEMs, technology developers and government agencies using the ABD track testing product range. In Michigan, USA, the Group also operates a laboratory testing facility performing mileage accumulation testing, climatic and thermal 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.

Operational review – Testing Services continued

Financial performance

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

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

The Group continues to invest in service capability in this segment in order to meet forthcoming regulatory and environmental requirements and to ensure it offers a full suite of vehicle development and certification testing services to our customers in an increasingly complex environment.

Progress during the year

In the USA, following the US government's commitment to adopting new, more stringent active safety requirements, we are assisting both NHTSA and the OEMs in their preparation for the adoption of the new standard. As testing protocols continue to be refined, we expect this continue to drive activity for our California business.

The integration of VTS has continued to progress well, and we were able to leverage the Group's existing strong customer relationships to enable cross-selling of VTS's services to a major OEM to whom they were previously not able to gain access, as well as completing initial sales to a number of new market entrants.

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.

The Group maintained its proportion of recurring revenue through the high level of repeat business in the Testing Services segment, facilitated by our deep customer relationships.

Principal operations

The off-highway testing services business is based in Torrance and Bakersfield, California, USA. The on-road testing services business is based in Beijing, China, with a regional headquarters in Singapore. The laboratory testing facility is based in Chelsea, Michigan, USA.

Growth potential

- Opportunity to replicate testing services in any location
- Group testing services offer end-to-end vehicle development toolchain capabilities
- Utilisation of the Group's strong OEM customer relationships

Testing Services revenue (£m)

Operational review – Simulation

Simulation

Broad range of solutions to meet customers' growing needs

Highlights 2025

Revenue
£22.4m (2024: £25.2m)

Operating margin
22.3% (2024: 27.8%)

- Market launch of Delta S3 Spin simulator product, with first order received towards the end of the year
- Software offering expanded **with the launch of AV Elevate, a fully integrated simulation solution for ADAS and AV development**

THE MARKET DRIVERS FOR GROWTH IN THE SIMULATION SEGMENT ARE DETAILED IN OUR MARKETS SECTION ON PAGE 10

Introduction

The Group's Simulation segment provides advanced products used to replicate the real world in a simulated environment for a wide variety of applications.

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 utilising the rFpro software, coupled with state-of-the-art, high-frequency response and low-latency motion platforms and static driving simulators. Parameters such as vehicle dynamics, tyres, environmental conditions, material properties, sensors and light conditions (including shadows and reflections) can be adjusted and the variance simulated in a highly accurate model and used across a variety of segments.

"The use of simulation in automotive development continues to grow and we are well placed to benefit."

Operational review – Simulation continued

Financial 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 during the year

While the timing of driving simulator orders was impacted by macroeconomic disruption in the second half of the year, good progress was made both strategically and operationally. The new Delta S3 Spin simulator, an enhancement to the current Delta S3 with higher acceleration and infinite yaw motion, was launched for the growing road car market, with a strategically important first order received towards the end of the year from a major OEM.

Dynamic simulators were delivered to automotive OEMs and tyre manufacturers during the year, demonstrating the growing range of end markets and use cases for our simulators in development applications. For motorsport applications, a new range of sport variant simulators with higher frequency response is being developed, with the Theta Seat Sport static simulator being the first of these variants to be launched to market during FY 2025.

Our simulation software offering was expanded with the launch of AV Elevate, a fully integrated simulation solution for ADAS and AV development. In early FY 2026 we were pleased to announce that Sony Semiconductor Solutions is now using rFpro's AV Elevate to showcase its next-generation image sensor technologies for ADAS and AV applications.

rFpro also successfully developed a highly detailed 17.5km road loop near Harbury, Warwickshire, for use by a major OEM as a multi-functional test bed for developing vehicle dynamics, automated driving systems, powertrains and headlights.

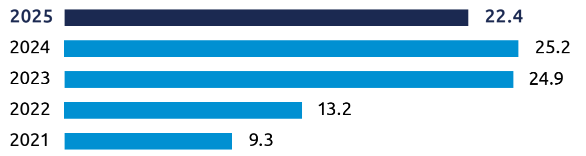
Principal operations

Ansible Motion is based in Norwich, UK. The simulation software business rFpro is based in Romsey, UK.

Growth potential

- Drive to utilise simulation to reduce vehicle development timescales and costs by enabling meaningful virtual testing earlier in the development process
- Significant scope for expansion of rFpro simulation software capability as autonomous simulation matures, requiring more complex analyses
- Expansion of simulator product range through the development of new simulators and simulation software products provides significant scope for growth in simulation sales
- Requirements for integrated tool chains between the virtual and physical world lead to opportunities to combine simulation with track test products
- Electrification of vehicles will drive more demand for simulation to optimise vehicle dynamics with revised mass and centre of gravity

Simulation revenue (£m)



Key performance indicators

Clear performance measures that highlight sustainable value creation

Growth of the business, quality of earnings and efficient use of resources are crucial target areas for AB Dynamics and we employ a number of performance measures to monitor them. The KPIs used to monitor the financial performance of the business are set out opposite.

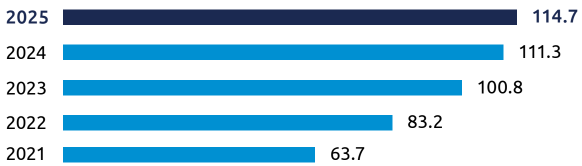
These KPIs enable progress to be monitored on the implementation of the Group strategy, level of investment and business development.

For other non-financial KPIs, see the Sustainability section for health and safety and emissions performance.

Financial figures

Revenue (£m)

£114.7m +3%



Definition

Revenue is measured as the value, net of sales taxes, of goods sold and services provided to customers.

Reason for choice

This is a key driver for the business, enabling us to track our progress in increasing market share by product and by region.

Comment on results

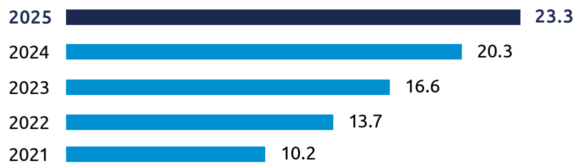
Double-digit growth in the first half of the year was tempered by more challenging conditions in the second half as the timing of simulator orders was impacted by macroeconomic disruption.

Link to strategy

1 2 3 4 5 6

Adjusted operating profit (£m)

£23.3m +15%



Definition

Earnings before interest, tax, amortisation of acquired intangibles, acquisition costs and other adjustments for one-off, non-recurring items.

Reason for choice

Adjusted operating profit provides a consistent year-on-year measure of the trading performance of the Group's operations.

Comment on results

Adjusted operating profit increased due to an increase in operating margin as a result of operational improvements and favourable mix.

Link to strategy

2 3 4

Key performance indicators continued

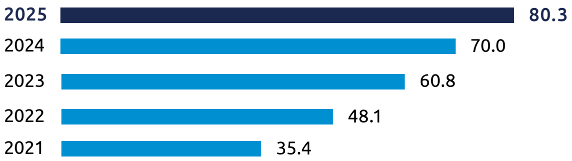
Links to strategy

1 Product and innovation
2 Capability and capacity
3 Acquisitive growth
4 Service and support
5 International footprint
6 Diversification

Financial figures continued

Adjusted diluted EPS (p)

80.3p +15%



Definition

Profit after tax excluding amortisation of acquired intangibles, acquisition costs and other adjustments for one-off non-recurring items, divided by the fully diluted weighted average number of shares.

Reason for choice

This measure is designed to include the effective management of interest costs and the tax charge and measure the total return achieved for shareholders.

Comment on results

Adjusted diluted EPS increased by 15% as a result of the increase in adjusted operating profit.

Link to strategy

2 3 4

Adjusted operating cash flow (£m)

£29.4m +5%

Definition

Cash flow from operating activities adjusted for acquisition costs and other adjustments for one-off non-recurring payments or receipts.

Reason for choice

This provides a measure of the cash generated by the Group's trading. It represents the cash that is generated to fund investing activities, interest payments, tax and dividends.

Comment on results

Adjusted operating cash flow increased by 5% to £29.4m as a result of the increase in operating profit and our focus on disciplined cash management. Cash conversion was 106% (2024: 115%).

Link to strategy

2 3 4

Return on capital employed (%)

20.2% +280 bps

Definition

Adjusted operating profit as a percentage of capital employed, defined as shareholders' equity less net cash held plus deferred tax liabilities and contingent/deferred consideration.

Reason for choice

This measures efficient use of capital.

Comment on results

ROCE increased from 17.4% to 20.2% in the year due to improvement in operating margin alongside disciplined capital management.

Link to strategy

2 3

Key performance indicators continued

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.

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

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 Annual Report relate to underlying business performance (as defined above) unless otherwise stated.

For a reconciliation of adjusted measures to statutory measures refer to note 4 of the notes to the consolidated financial statements.

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

Amortisation of acquired intangibles

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

Acquisition related costs

The current year cost and cash impact relate to the acquisition of Bolab. The prior year relates to the acquisition of VTS.

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 relate to the unwind of the discount on contingent consideration payable on the acquisition of Bolab and VTS (2024: VTS and Ansible Motion).

Taxation

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

Sustainability

Embedding sustainability

Sustainability roadmap

As a Group, it is our core purpose to accelerate our customers' drive towards net zero emissions and to improve road safety and the automation of vehicle applications. We do this through leadership and innovation in engineering and technology and we are well placed to support the transition towards a more socially and environmentally sustainable economy. It is our responsibility to continually improve our own sustainability credentials, as well as to support our customers and suppliers as they do the same. Sustainability principles lie at the very core of our business. By enhancing the safety of vehicles for all road users through the provision of our products and services, we seek to deploy our technology to improve road safety. One of our key objectives, a reduction in road based injuries and fatalities, is fundamentally aligned to sustainability principles. More recently, we have broadened our scope to improve safety in other potentially dangerous environments like defence and mining.

Furthermore, we play a role in facilitating our customers' drive towards zero emissions through the automation of vehicles and our simulation products.

We are 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 our carbon emissions, waste and water usage, using improved methods of data collection so that more achievable targets can be set in the future. We also give priority to ensuring the health, safety and wellbeing of all our employees across the Group, via our Health and Safety Management System, associated procedures and strict auditing.

Our key achievements since our last Annual Report include:

- There were no health, safety or environmental fines or breaches of legislation and we have no recorded fatalities or life changing injuries throughout the Group during the year
- There were no reportable incidents during the year
- Successful re-certification of the ISO 45001 standard for Occupational Health and Safety Management Systems and the ISO 14001 standard for our Environmental Management Systems at Anthony Best Dynamics Limited and AB Dynamics GmbH. Management Systems have also been introduced to DRI and rFpro which are currently waiting for certification to ISO 14001 and 45001
- Established an internship partnership with Kettering University in Flint, Michigan, with two students successfully completing rotations with the Group
- Manage for excellence' programme implemented in the UK, which covers fundamental skills for our people managers
- Collection of Scope 3 emissions data continued for all material Scope 3 emissions for our UK locations
- Continued use of green renewable energy in the UK and Germany, including the use of solar panels at three of our sites in the UK and one in Germany, which generated a total of 134,244 kWh of power in FY 2025
- Number of Environmental Champions increased to 42, helping to identify new initiatives and share these across the Group
- MSCI ESG rating of AAA maintained

Our priorities for the next twelve months are:

- Continue to conduct regular Group HSE visits to each of our businesses to maintain our cycle of continuous improvement
- Extension of the scope for our Occupational Health and Safety Management System and Environmental Management Systems to include additional global subsidiaries
- Improve our recruitment practices through standardisation across the Group
- Continue to enhance and develop our corporate social responsibility programmes globally, focusing on community engagement and volunteering efforts
- Continue to expand our Scope 3 emissions data collection for the overseas subsidiaries
- Encourage more staff across the Group to become Environmental Champions to help improve environmental performance by raising awareness of environmental issues within their areas
- Transition of overseas subsidiaries to renewable energy where possible
- Implement the Auditel Carbon Management System to monitor emissions monthly in real time

Sustainability continued

Embedding sustainability continued

Sustainability governance

The Group has a robust structure of sustainability oversight and risk governance in place. At the highest level, the Board of Directors has ultimate oversight of, and responsibility for, our sustainability governance and strategy. Our Non-Executive Director and Chair of the Sustainability Committee, Louise Evans, supports the Board in this function. The Sustainability Committee reviewed the Group's sustainability performance over the course of four meetings during FY 2025. The Sustainability Committee has overall responsibility for translating our sustainability strategy into actionable plans, in compliance with relevant legal and regulatory requirements. The Board has received significant external input on sustainability this year, with feedback from the auditor, investors and sustainability experts.

Sustainable business goals

We considered our mission in relation to the United Nations Sustainable Development Goals (UN SDGs) and determined that our support for road safety, our alignment with innovation in transport and our commitment to our people support the UN SDGs as set out in the table.

UN SDG	Topic	Sustainable Development Goal target	AB Dynamics alignment	More information
3 Good health and well-being	**Health and safety**	Halve the number of global deaths and injuries from road traffic accidents	• AB Dynamics plc's core business model and purpose are to advance road safety through facilitating deployment of active safety systems, ADAS and automation • The Group benefits from regulatory tailwinds on new vehicles to ensure OEM adherence	Pages 33 and 34
5 Gender equality	**Our people**	Achieve gender equality and empower all women and girls	• 50% of the AB Dynamics plc Board is female in line with best practice • We aim to further increase female representation across all levels throughout the business • Sponsorship and support of women in STEM subjects	Page 36
6 Clean water and sanitation	**Environment**	Improve water quality by reducing pollution, reducing untreated wastewater and minimising the release of hazardous chemicals and materials	• We acknowledge that water is a scarce resource and careful management of water consumption is essential to minimise our impact on water availability and quality	Page 44
7 Affordable and clean energy	**Environment**	Accelerate action on modern renewable energy – especially in heating and transport	• Rapid development of EVs and autonomy has placed additional commercial pressures on OEMs to rapidly develop and deploy new technologies with a continued focus on R&D • We are committed to using renewable energy sources in our operations wherever possible • Our products and services support this development goal	Pages 40 to 43
9 Industry, innovation and infrastructure	**Sustainable products**	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	• We support the development of EVs through on-road testing of battery technology and charging infrastructure and laboratory testing of battery range • ABD Solutions' core mission is to accelerate the transition to autonomy by providing retrofit solutions that reuse existing vehicles to automate vehicle applications	Page 45
11 Sustainable cities and communities	**Transport and safety**	Increase safety of the transport network and reduce impact on cities, in particular air quality	• The core mission of the Group is to advance road safety and support vehicle electrification, thereby reducing emissions within city centres	Page 10
12 Responsible consumption and production	**Environment**	Reduce waste generation by prevention, reduction, recycling and reusing	• We follow a waste management hierarchy of Prevention, Reuse, Recycling, Energy Recovery and Disposal to ensure the reduction in waste sent to landfill	Page 44
13 Climate action	**Climate change**	Take urgent action to combat climate change and its impact and integrate climate change measures in policies, strategies and planning	• Through aiding development of EVs, we provide support to electrify the transport network which is critical to reducing GHG emissions • Detailed disclosure of our Scope 1, 2 and 3 emissions provides clear evidence of integrating climate measures including installation of renewable energy, sourcing of energy from renewable only sources and revised travel policies	Pages 40 to 44

Sustainability continued

Health and safety

Safety first

We believe that the focus on safety is essential to delivering a high-performing, open and constructive safety culture. The Group is committed to continuous improvement in health and safety performance, which is a standing item at every Board meeting. This year, the Group has continued to improve upon its processes and procedures, with increased standardisation of reporting across its subsidiaries. This will enable us to share best practice and lessons learnt from incidents across the Group and to continue to set further Group-wide health and safety targets. In this way, the Group can actively promote a strong safety culture, striving to instil the same safe working principles in every employee wherever they are, and in whichever Group business they work.

Regular health and safety reporting is carried out across the Group and all employees are encouraged to report any safety shortcomings and near misses. Near miss reporting is crucial if we are to understand and prevent incidents, which is why we encourage all our employees to communicate near misses so we can manage any emerging risks. This increasing focus on enhanced reporting, alongside the growth of the Group, means there has been an increase in the number of minor injuries being reported.

Health and safety governance

Our health and safety organisational framework clearly defines those responsible and accountable for health and safety across our businesses. The Board is committed to maintaining a strong safety culture throughout the Group. Health and safety performance is reviewed by the Board at each scheduled Board meeting. The Executive Committee (Excom) has responsibility and authority to implement ongoing improvements to safety processes and systems, delegating responsibility to local subsidiary management where required. The Group requires that all employees take responsibility for their own safety and that they are mindful of the safety of those around them, thereby creating collective responsibility to ensure we meet our high standards for health and safety and that we continually improve them.

The Group Health and Safety Management System is now embedded at the Group's largest subsidiary, Anthony Best Dynamics Limited, and at AB Dynamics GmbH. In FY 2025 the Group Health and Safety Management System was implemented at two additional subsidiaries, rFpro and DRI, with rFpro awaiting accreditation at the time of this report.

Local management teams are accountable for monitoring the health and safety methodology set by the Group, with each manager having received appropriate briefings on these requirements, and ensuring compliance with local regulatory requirements, culture and specific business needs. Group oversight is provided in the form of regular site visits by the Group Health, Safety and Environmental Manager, where processes are reviewed and training is provided. During FY 2025, site visits were made to AB Dynamics GK, AB Dynamics GmbH and Bolab Systems GmbH to give recommendations and support to maintain our cycle of continuous improvement.

All the subsidiaries within the Group must meet the key requirements of the Group's methodology, summarised as follows:

- Health and safety must remain an agenda item at every monthly management meeting. This ensures that teams identify issues in a timely manner, with a process of continuous improvement in place that underpins our strong safety culture
- Each subsidiary must create a Health and Safety Committee (if it does not already have one) and must hold Health and Safety Committee meetings quarterly. This allows for the sharing of best practice and the efficient roll-out of specific Group safety initiatives
- Ensure that each Committee has at least one trained health and safety representative who is certified to a recognised standard in the territory in which the business operates
- All incidents must be fully investigated with remedial actions and preventative measures put in place to ensure the incident does not reoccur and risks are mitigated going forward
- All subsidiaries must report to the Chief Executive Officer quarterly (within two weeks of each Committee meeting), providing a report which summarises the findings of this process and each subsidiary's health and safety metrics

Health and safety training

All employees receive health and safety training (which includes accident prevention and handling of hazardous substances) as part of their induction process. The inductions consist of a reminder of both employer and employee legal requirements. Additionally, they highlight the main hazards which are found throughout the organisation and the control measures in place. This includes manual handling, hazardous materials, display screen equipment, vehicles and using workplace equipment. Emergencies are also covered including the actions to follow in the event of a fire evacuation. Risk assessments are included within the training and describe how workplace hazards are dealt with and how we apply control measures, including for our employees working at our customers' sites. These risk assessments are regularly reviewed and updated where necessary. Finally, environmental topics such as recycling and energy use are discussed, with guidance given on how to reduce any potential negative impacts.

Health, safety and environmental inductions were completed for all new members of staff including visiting students and interns in FY 2025. All UK based staff also complete mandatory annual training which includes health and safety training, manual handling training and display screen equipment training. Additionally, our overseas subsidiaries completed health and safety training, high-voltage training, first aid training, emergency evacuation training and driver safety training during the year.

Sustainability continued

Health and safety continued

Safety first continued

Employee wellbeing

The Group places utmost importance on safeguarding the safety, health and wellbeing of our employees whether working in our offices, on clients' sites or from home. We ensure that the working environment is safe and conducive to healthy, content employees who are able to balance work and family commitments. We believe that a more proactive, wide-ranging approach to health and safety helps build trust with employees and helps them stay happy, healthy and productive. Our mental health and wellbeing policy covers a range of flexible working policies with the key objective being to enable employees to balance their working life with other priorities, thereby enhancing their wellbeing.

Our flexible working policy allows employees to request a degree of working from home, part-time working or job sharing, depending on function and location and in agreement with line managers. All employees are eligible to take career breaks or sabbaticals in consultation with their line managers.

Risk assessments, which are conducted by each of the Group's subsidiaries, are reissued to employees regularly throughout the year, to make sure the Group is keeping pace with the changing environment. The Group continues to monitor staff safety and wellbeing to ensure the workplace risks are minimised to a level as low as reasonably practicable.

Safety performance

We have a proud track record of safety performance and in FY 2025 we continued to invest in the tracking and prevention of incidents. All subsidiaries across the Group carry out risk assessments as part of their local health and safety programmes. Progress has been made during FY 2025 towards standardising and harmonising our risk assessments across the Group.

This year, we extended our more detailed risk assessment programme to include additional business units, with risk assessments completed for all operational and support departments of our UK businesses, DRI and AB Dynamics GK. These have been completed in consultation between the Group Health, Safety and Environmental Manager, the relevant department head or supervisor, and the staff. All assessments highlight the hazards associated with a part of the operation and are duly signed off by the team leader (who owns the risk) and all the staff concerned, so they understand the risks involved and the associated control measures. These risk assessments cover all identifiable risks to personal safety and are reviewed annually, with any mitigating actions reported.

We continue to work hard to prevent incidents across the Group, ensure our legal obligations are met and improve the overall health and safety performance of the Group. During the year, we re-certified our accreditation to the ISO 45001 standard for Occupational Health and Safety Management Systems at Anthony Best Dynamics Limited and AB Dynamics GmbH, sending a positive message to our employees and stakeholders that health and safety is, and will continue to be, our top priority. rFpro has introduced a Health and Safety Management System and is awaiting accreditation of ISO 45001.

The following table records a summary of the Group's health and safety statistics for the year. In FY 2025, we are pleased to report that there were no reportable incidents. The number of near miss and minor injuries, most caused by slips or falls, increased, primarily due to an increasing focus on reporting, as well as the growth in headcount of the Group. Minor injuries were treated by our locally trained first aiders, administering treatment for minor cuts or abrasions. All minor incidents or near misses are reviewed regularly and where trends are identified, further control measures are introduced to reduce risks and prevent recurrence. The increase in near miss reporting represents good progress as an organisation willing to learn and improve on a continuous basis.

Employee safety

	2025	2024
Average employees	**566**	512
Reportable incidents	**—**	—
Lost time incidents	**1**	—
Near misses	**102**	51
Minor injury, first aid cases (FAC)	**22**	26
Injury rate per 100 employees	**4.1**	5.1
Injury rate per 100,000 hours worked	**2.3**	3.1

Our data covers 100% of employees and includes contractors.

Lost time incidents are defined as an injury or illness sustained on the job by an employee that results in the loss of productive work time resulting in them being unable to perform regular job duties, taking time off for recovery or being assigned modified duties whilst in recovery. The minor injury rate is currently measured against first aid or medical treatment cases that did not result in a reportable incident or lost time injury.

There has been a decrease in the overall injury rate across the Group this year from 5.1 to 4.1 per 100 employees demonstrating a commitment to safer working.

Looking forward, in FY 2026 we plan to build upon the successful implementation of the Group Health and Safety Management System in the UK and Germany by extending this to include additional subsidiaries. Specific targets in relation to the system implementation will be included in the local leadership teams' performance objectives and incentives. In addition, the Group Health, Safety and Environmental Manager will continue to conduct regular visits to each of our businesses to maintain our cycle of continuous improvement and also to provide training to employees.

Sustainability continued

Our people

"The Group recognises the importance of communicating with all employees to help maintain trust and confidence between all parties."

Engagement

The Group recognises the importance of communicating with all employees to help maintain trust and confidence between all parties. This is achieved by various formal processes and ad-hoc actions throughout the year. On a formal basis, our CEO conducts bi-annual all-staff briefings and meetings are held throughout the year between employees and their line managers to ensure that personal objectives are aligned with the Group's strategy and that development needs and career aspirations are identified. Based on local requirements, weekly, monthly or quarterly management team meetings are held to provide a forum for Group updates. Internal announcements are issued on a regular basis and include business updates, guidance on maintaining a safe working environment and matters of general interest. The Group's website is used for the distribution of preliminary and interim announcements and press releases.

Through workforce engagement, the views of our employees are heard at Board level and are considered in Board discussions and decision making. To further support employee engagement, all employees are invited to participate in employee surveys.

Our vision and values underpin the Group's strategy, processes and culture. Our vision is to 'provide world-class innovative automation and vehicle application solutions created sustainably with passion by our people, delivering excellent products and services to our partners'. Our key values – customers, people, diversity, innovation, excellence and responsibility – ensure our behaviours, culture and personal values align with those of the business and enable us to continue to drive the strategy forward. Embedding our values across the Group was a continued focus for FY 2025, particularly in our recently acquired businesses. Values were introduced as part of our performance appraisal process in FY 2024 and managers are encouraged to discuss these with employees.

Equality, diversity and inclusion

We recognise that being a truly inclusive Group is crucial to our values and to our ability as a business to grow, innovate and attract and retain talent. Different experiences, views and opinions allow us to consider a range of options when making decisions, which we believe results in better outcomes for the business and for our stakeholders. We operate globally and recognise the cultural differences that may exist in the countries in which we do business. We do not tolerate any form of discrimination. We are committed to equality of opportunity in all our employment practices, procedures and policies. When we hire or promote someone, we choose the best candidate irrespective of age, race, national origin, disability, religion, sex, gender reassignment, sexual preference, marital status or membership/non-membership of any trade unions. All staff are provided with a safe, secure and healthy environment in which to work, regardless of where in the world they are located.

We aim to create an environment where the contributions of all staff are recognised and valued, and everyone is treated with dignity and respect. We do not tolerate any form of bullying or harassment within the Group. We apply the same standards when we select business partners. The Sustainability Committee is responsible for setting the Group's approach to equality, diversity and inclusion.

As a Group, we believe training, development and progression opportunities must be available to all employees. We offer flexible working opportunities such as working remotely or part-time and flexible hours according to the requirements of the position.

Sustainability continued

Our people continued

Equality, diversity and inclusion continued

While ability and aptitude remain the determining factors in the selection, training, career development and promotion of all employees, the Group is conscious that engineering continues to have inherent disadvantages for women and other under-represented groups. We have continued in our efforts to address these disadvantages during FY 2025, both in our role as a Corporate Partner to the Women's Engineering Society (WES) and via our partnership with Smallpiece Trust Arkwright Engineering Scholarship, in which we mentor 16-year-old students who are considering further education or a career in engineering.

The Board recognises the importance of inclusivity, with a focus on enabling our people to be at their best. This creates a culture that welcomes diversity of gender identity, ethnicity, age, disability, neurodiversity, sexual orientation, geography, social and cultural background and belief. We recognise the gender imbalance in the profession and have been working to improve the Group's gender mix. A significant proportion of the Group's workforce are engineers and technicians and this remains a continued area of focus, given the known under-representation of women in these roles globally. At present, women represent 18% of our overall workforce. The Board notes the recommendations of the Hampton-Alexander and Parker Reviews and the Financial Conduct Authority (FCA) in relation to increasing Board and Executive Committee (and direct reports) gender and ethnic diversity. We are proud to note that within the senior management team, the proportion of female representation is at 21% while the Group Board is at 50%, in line with these recommendations.

Set out opposite is an analysis of the Group's employees by gender at 31 August each year (excluding VadoTech Group due to data availability).

Key values

1 Customers

We create valuable partnerships with our customers through collaboration to understand and deliver their requirements.

2 People

We empower people by supporting and challenging each other to thrive. Integrity and respect are at the forefront of everything we do.

3 Diversity

We recognise the importance of strengthening, improving and enriching our culture and practices through diverse opinions, skills and people.

4 Innovation

We inspire creativity by giving people the space to challenge the 'now' and engineer for the future.

5 Excellence

We are never satisfied with the status quo. We invest in our people, products and processes by encouraging learning and self-enrichment to deliver world-class services and products to our customers.

6 Responsibility

Personal ownership and commitment to ourselves, our customers, our shareholders and the environment. We are always looking for opportunities to improve the sustainability of our operations.

Further details on the Group's engagement with stakeholders, including the material topics discussed with investors and corporate governance bodies, are contained in the Section 172 statement on pages 54 and 55.

Employees by gender

	2025			2024		
	Male	**Female**	**Prefer not to say**	Male	Female	Prefer not to say
Board	**50%**	**50%**	**—**	60%	40%	—
Executive Committee	**87%**	**13%**	**—**	83%	17%	—
Senior management	**79%**	**21%**	**—**	79%	21%	—
Other employees	**81%**	**18%**	**1%**	82%	17%	1%
All employees	**81%**	**18%**	**1%**	82%	17%	1%

Sustainability continued

Our people continued

Attracting and retaining young talent

Attracting and retaining young talent within the Group are key strategic elements of ensuring the sustained growth of the business for the future. After introducing our graduate scheme in FY 2022, we have gone on to successfully place one graduate, one degree apprenticeship and two apprentices.

Additionally, three students completed a placement year with ABD Solutions during the year. DRI has a consistent flow of placement students assisting in its Human Factors department.

AB Dynamics, Inc. has established an internship partnership with Kettering University in Flint, Michigan. To date two students, one per semester, have successfully completed two rotations with us.

Mentoring through the Arkwright Scholarship has been a rewarding experience, offering the chance to support a talented student over the course of a structured programme. My mentee's enthusiasm and curiosity have made each interaction meaningful, particularly their visit to ABD, where they gained insight into both what we do and why it matters. As my first mentoring role, it's also helped me reflect on where I want to focus my energy and how I can contribute beyond my immediate responsibilities.

Jack Hines, Arkwright mentor

Nicholas Rees and Evan Pampreen, both sophomores pursuing engineering degrees, have made significant contributions during their internships. Their performance has consistently exceeded expectations, and they have demonstrated strong technical growth and professionalism.

Building on this success, we aim to expand the programme across North America in collaboration with our partner companies. Notably, Nicholas will begin his third working semester with DRI at their test facility in California, where he will apply the skills and knowledge gained at AB Dynamics, Inc.

We also continued our summer placements this year with five students completing internships across the Group.

Talent and career development

The Group remains committed to attracting and retaining key talent and supporting their ongoing career development through life-long learning. This provides benefits for both the Group, through a more highly skilled workforce, and the individual employee, who gains both qualifications and experience that they can use to further their career whilst with the Group and in any future roles elsewhere.

The Group's talent mapping and succession planning processes have continued to play a key role in facilitating employee development and enabled a significant proportion of employees to take on wider responsibilities either through formal promotional opportunities or growth in current roles during the year.

Targeted leadership training is also an integral part of ensuring our workforce remains engaged and innovative, whilst enabling the Group to grow a diverse pipeline for key roles and leadership positions. For twelve employees globally, the Group's second Professional Development Programme (PDP) ended in July 2025. Delegates presented to the Board during the closing event on their journey through the programme sparking inspiring and innovative discussion.

Retention

Average number of employees by region

In recent years, our continued efforts to develop our talented employees and enhance staff engagement and wellbeing have resulted in consistently strong retention rates. Average length of service is currently four years, with annual employee turnover at 13% (2024: 12%) across the Group (excluding VadoTech Group due to data availability).

Annual employee turnover by year

	2025*	2024**
Total annual employee voluntary turnover (no.)	**32**	43
Total annual employee voluntary turnover (%)	**8%**	12%
Total annual employee turnover (no.)	**80**	80
Total annual employee turnover (%)	**13%**	12%

* Bolab data not included as recently acquired.
** VTS data not included as recently acquired.

The Group has continued to make a proactive effort to promote internal applications for open positions and, as a result, 25% of vacancies were filled by internal candidates during the year, excluding promotions. This has been supported by the ongoing implementation of talent mapping processes.

Annual performance evaluations are undertaken as part of the Group's Performance Excellence Cycle. Where recent acquisitions have occurred, this is implemented as part of the integration plan. DRI introduced its formal performance review process in FY 2025 and VadoTech Group and VTS will follow in FY 2026. Salary reviews are aligned with performance evaluations to ensure employees are paid fairly and correctly for the duties they perform. All employees have the opportunity to benefit from a discretionary performance based bonus with the exception of some employees within recent acquisitions.

We continually review our benefits and total compensation packages across the Group. We offer a comprehensive range of benefits to our staff which reflect local regulations and market practices and, where appropriate, include annual performance related bonuses, employer matching contributions into retirement schemes, life insurance, income protection and private health cover. Through a detailed benchmarking exercise, we can confirm that these packages are above or in line with local market regulations and the competitive environment within which we operate.

Sustainability continued

Our people continued

Retention continued

Annual employee turnover by year continued

We also have other forms of workplace recognition in place. We regularly organise social events to celebrate success and to highlight key achievements within the Group as well as workplace employee appreciation efforts.

Training opportunities

The Group is committed to ensuring that all employees have access to the training required to support their skills and career development.

100% of employees received training in FY 2025 (2024: 100%) and courses taken during the year included: Introduction to Systems Engineering, Simulink Model Management and Architecture, INCOSE Systems Engineering certification, Level 4 Customs Practitioner Award and Prince2 Foundation.

Globally, our mandatory compliance training modules include: anti-bribery and corruption, cybersecurity awareness, Display Screen Equipment (DSE) training, manual handling, mental health awareness for employees and managers, modern slavery, customer service, bullying and harassment for managers, health and safety essentials and equality, diversity and inclusion modules.

Graduates and apprentices

Maintaining an inclusive pipeline of talent is at the core of our sustainability strategy and is key to fulfilling our future customer requirements. We offer a range of opportunities and tailored programmes to early career starters with hands-on experience and training, equipping the new generation of employees with the right skills and ensuring that knowledge is retained within the business. We partner with local schools, colleges and universities, offering interesting and rewarding apprenticeships, placement schemes and work experience.

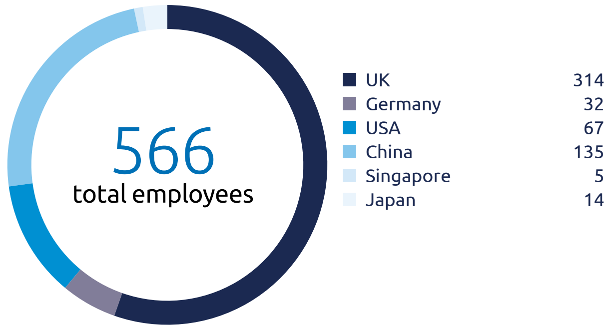
My experience at ABD was very rewarding and eventful. I was lucky to join when a new project started, which required significant development of our Ground Traffic Control software in a short period of time. I was able to see the progression of the application, in conjunction with the other ABD products, for this bespoke solution. Joining a small team of experienced Senior and Lead Software Engineers allowed me to quickly learn and adapt using their in-depth knowledge. I developed my personal skills and confidence from participation in daily catchups, meetings, code reviews and wider meetings to discuss the project progression.

Trinity Akehurst (pictured left),
Software placement year engineer

As of 31 August 2025, two graduates are enrolled in our two-year graduate scheme. The rotational graduate scheme is a structured training programme aimed at equipping graduates with both soft skills and technical development opportunities across the business. In FY 2025, we also offered work experience in the UK to a local school.

As the Group's global presence grows, ensuring that high-quality early career opportunities are available to all is a key focus. The Group aims to actively expand the reach of work experience, apprenticeship and graduate programmes to more young people from lower social economic backgrounds, to help increase social mobility in the local communities in which it operates.

Average number of employees by region



Working as an apprentice at AB Dynamics has helped me develop skills in electrical engineering and confidence within the workplace. The guidance and support from my manager and colleagues have made it a truly rewarding experience. AB Dynamics has given me the opportunity to learn whilst making meaningful contributions, allowing me to gain valuable knowledge and experience throughout my apprenticeship.

Harvey Lambert, Electrical apprentice

Sustainability continued

Our people continued

Community partnerships

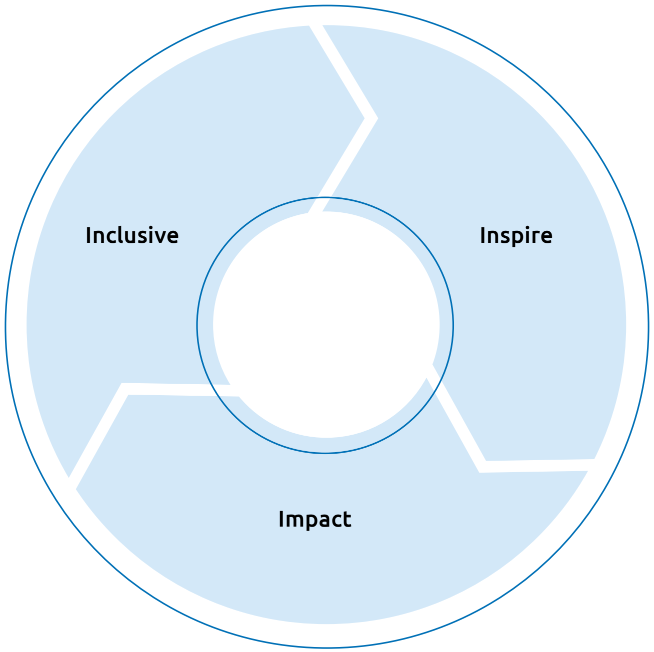
Sustainability strategy

To advance our social agenda and maximise impact for our people and throughout our global community, our social agenda is centred on three core pillars which align to our mission and values. This foundation sets the stage to attract and retain diverse talent, engage with external stakeholders and improve inclusivity.

Underpinning our social change agenda are three pillars: Inclusive, Inspire, Impact. We continue to focus our partnerships with industries which are aligned to our primary ethos as a business and have a focus on environmental sustainability across the Group. The revised model represents the Group's growing global focus and continued ambitions to put sustainability at the heart of our business model.

Our model takes a holistic approach for sustained progress:

- **Impact** – We support and engage with local communities, the STEM network, education and charities, while remaining mindful of our footprint
- **Inspire** – We address the sector's talent pipeline by promoting apprenticeships, school outreach and professional development. We aim to attract and grow the best talent regardless of background
- **Inclusive** – We prioritise systemic change over metrics. Initiatives like the upcoming Mosaic forum will foster openness, shared learning and a culture of fairness and respect



I have worked at AB Dynamics for over three years. I am a member of the GB Deaf Badminton team. We do not receive funding, therefore when we enter international tournaments the players need to fund themselves. I approached AB Dynamics for sponsorship and was able to enter with the England team into the 2025 European Deaf championships. There are two things I have learned along the way. One is that we often tend to focus on only the goal of something, but we should also appreciate and enjoy the journey, especially as this is often bigger than the goal itself. The second thing that I have found to be extremely helpful, is learning to be comfortable with being uncomfortable. This can be applied to most things, whether it's pushing yourself with learning, training, recovering from injury or even playing competitive sport. This was all possible with sponsorship from AB Dynamics and for that, I am deeply appreciative.

Peter Warman, Electronic assembly technician

Sustainability continued

Environment

We are committed to environmental sustainability, both globally and in our local communities, and reducing our environmental impact. It is our mission to empower our customers to accelerate the development of vehicles that are not only safer, but also more efficient with less of an impact on the environment. We are continually looking for opportunities to improve; environmental sustainability is essential.

Our commitment

We are 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. Our definition of net zero is to reduce greenhouse gas emissions to zero or to a residual level consistent with reaching net zero emissions at the global or segment level, and to neutralise any residual emissions by the net zero target date, and any GHG emissions released into the atmosphere thereafter with certified emission reductions. Our net zero commitments are in line with the United Nations and Science Based Targets initiative (SBTi) definition.

In FY 2025, the focus of the Group has been on expanding the scope of Group-wide data collection, in particular for Scope 3 emissions, in order to identify a clear path towards our net zero objectives. Simultaneously, we have continued to identify and implement initiatives to reduce our carbon emissions, waste and water usage wherever possible, with annual reduction targets in place at a subsidiary level.

We continue to develop the quality and range of Scope 3 carbon emission data that we will ultimately report on. Significant time and resources are being invested in this area to validate the data that is being collected, which will ensure that future carbon reduction planning decisions are based on robust information.

The nature of this detailed validation work means that it will take time to complete, which is reflected in the commitment timeframes stated above.

As a business that is growing rapidly, we know that our absolute emissions will increase unless we can decouple our growth from the adverse impacts that our operations have on the environment. In the short term, we aim to complete the Group-wide collection and validation of all material Scope 3 emissions by the end of FY 2026. We will then use this data to produce a detailed decarbonisation roadmap, including establishing our targets in accordance with the SBTi, which we will aim to publish in the next two to four years.

In this report, we also include information on our climate-related risks and opportunities in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). See pages 48 to 53 for the TCFD report.

Our approach

We are actively seeking steps to reduce our environmental impact to achieve our net zero goal. The focus of our ongoing emissions reduction efforts includes greenhouse gas emissions, energy consumption, the use of renewable energy, water resources and the reduction and management of waste. The Group's commitment to transparency includes the regular public disclosure of our emissions.

We established the Net Zero Working Group (NZWG) in FY 2023 to oversee our carbon reduction plan and implement the activities and functions required to meet our objectives. This includes the development of a comprehensive engagement programme and climate awareness groups throughout all our businesses. The NZWG comprises representatives from all Group subsidiaries with Environmental Champions within each subsidiary to promote awareness and best practice. The NZWG is chaired by the Group CEO and its work is overseen by the Sustainability Committee, which in turn provides regular progress reports to the Board.

We have also partnered with Auditel, a leading carbon solutions company, to assist us in reducing our carbon emissions and related costs as, in the near term, we aim for verification with ISO 14068-1 (Climate change management – Transition to net zero – Part 1: Carbon neutrality).

The Group recognises the importance of creating environmental awareness, protecting the environment and using natural resources efficiently by continuously reducing the environmental impacts of our operations and services. In turn, the Board and senior management are committed to continually measuring, monitoring, evaluating and improving the environmental performance of all the Group's operations. We will continue to deploy green technology wherever possible and appropriate, and to make careful and considered decisions in all our operations to reduce our current carbon footprint.

We are focused on finding ways to reduce our impact across the whole value chain to achieve our net zero commitments. Beyond our own operations, we will also continue to assist the global automotive sector to develop new technologies and processes that will reduce CO_2 emissions.

Our strategy

Our strategy is to reduce our global GHG emissions through improving efficiency to reduce consumption and waste.

- Scope 1 associated emissions are being addressed through the adoption of green fuels and upgrading of facilities and equipment to be more efficient or to use alternative greener energy sources
- Scope 2 associated emissions are being addressed by implementing energy efficient practices and upgrading facilities to aid in energy efficiency. We are also using certified renewable energy, verified with REGO certificates
- Scope 3 emissions tracking continues to be developed to ensure we have a clear understanding of these emissions, so that we can plan a clear and effective route to achieve our reduction targets

Sustainability continued

Environment continued

Improvements in FY 2025

In FY 2025, we continued to develop our approach towards reducing carbon across our operations. Some of the significant milestones include:

- Collection of Scope 3 emissions data continued for all material Scope 3 emissions for our UK locations
- Improvements made in the collection of standardised data across the Group and the development of the Group's carbon reduction plans
- Successful re-certification of the ISO 14001 standard for our Environmental Management System applicable to Anthony Best Dynamics Limited, our largest subsidiary, and AB Dynamics GmbH, our largest German subsidiary, with rFpro currently waiting for accreditation to ISO 14001 standard
- Continued use of green renewable energy in the UK and Germany, including the use of solar panels at three of our sites in the UK and one in Germany, which generated a total of 134,244 kWh of power in FY 2025
- Completed assessment of our climate-related risks and opportunities in alignment with the recommendations of the TCFD (see report on pages 48 to 53)
- Number of Environmental Champions increased to 42, helping to identify new initiatives and share these across the Group
- MSCI ESG rating of AAA maintained

Managing environmental performance

The Group's activities can be summarised as largely manufacturing and assembly operations, combined with office based research, product development and vehicle testing. Therefore, the Group's main direct impact on the environment is limited to the consumption of heating and power in its manufacturing operations, and fuel or electricity for customer vehicles while providing test services or developing and testing products. The Group does not use its own logistics or freight. We recognise the importance of monitoring, controlling and improving our environmental performance in order to meet our net zero targets.

We are expanding our Scope 3 emissions coverage and during the year we continued a comprehensive project with our external advisers to better understand our Scope 3 baseline carbon footprint, and continued to collect data for all material categories for the UK part of our business. Note that the data relating to the new categories is not yet available for the global Group and is therefore excluded from the reported GHG emissions values.

The categories which are currently included in the Scope 3 emissions data for the Group disclosed below are as follows:

- Category 1: Purchased goods and services – currently we collect data for water supply and treatment
- Category 6: Business travel – currently we collect data on air travel, automotive hire and hotel usage

We are continuing to review the following categories, which we believe will capture all emission types that are material to the Group, and have begun collecting data for our UK locations:

- Category 1: Purchased goods and services
- Category 2: Capital goods
- Category 3: Fuel and energy related activities
- Category 4: Upstream transportation and distribution
- Category 5: Waste generated in operations
- Category 6: Business travel
- Category 7: Employee commuting
- Category 9: Downstream transportation and distribution

This year, the Group has continued to build on its environmental reporting processes and procedures across its subsidiaries to provide a unified framework. The main tools used to track and monitor our environmental impact across our sites are our Environmental Management Systems. Both internal and external environmental audits have been completed at Anthony Best Dynamics Limited and AB Dynamics GmbH, resulting in a successful surveillance audit of our ISO 14001 accredited Environmental Management System. In FY 2025 the Environmental Management System was implemented at rFpro and is currently waiting for accreditation to ISO 14001 standard. Over the next year, we aim to implement the Auditel Carbon Management System that will allow subsidiaries across the Group to be able to upload data directly, enabling emissions to be monitored monthly in real time.

Our environmental reporting covers all entities over which the Group has financial control for the financial year ended 31 August 2025, i.e. all our subsidiaries. Data for businesses acquired during each reporting period is also included where available.

We are pleased with our environmental performance for the year and can confirm that we have not received nor paid any environmental fines nor penalties either in the last twelve months or in the previous five years.

Sustainability continued

Environment continued

Energy and greenhouse gas emissions for FY 2025

The Group's emissions are broken down by Scope 1, Scope 2 and some Scope 3 emissions. Scope 2 emissions associated with the Greenhouse Gas Protocol 'market based' method have also been calculated, in addition to 'location based' Scope 2 emissions.

Excluding the impact of acquisitions, in FY 2025 the Group's total Scope 1, 2 and 3 emissions (market based) increased by 4% year on year and increased by 5% on an intensity basis (per £m of revenue) year on year. This was driven by an increase in Scope 2 emissions.

Our total energy consumption increased by 31% year on year on an absolute basis. This was primarily due to acquisitions and increased energy usage.

Subsidiary level targets set as part of the Environmental Management System were met by AB Dynamics GmbH, with a combined energy reduction of 15% and although Anthony Best Dynamics Limited failed to meet its 5% reduction target for energy usage due to increased operations, combined market based and gas emissions were significantly reduced due to switching to 100% renewable energy at our main production area.

GHG emissions

		Absolute emissions (including Bolab Systems)							Like-for-like emissions (excluding Bolab Systems)						
		2025			2024			YoY % change in total	**2025**			2024			YoY % change in total
	Units	**UK**	**Global (excl. UK)**	**Group**	UK	Global (excl. UK)	Group		**UK**	**Global (excl. UK)**	**Group**	UK	Global (excl. UK)	Group	
Scope 1 total	tCO2e	**110**	**485**	**595**	110	393	503	+18%	**110**	**485**	**595**	110	393	503	+18%
Gas	tCO2e	**96**	**26**	**122**	95	19	114	+7%	**96**	**26**	**122**	95	19	114	+7%
Company owned vehicle use	tCO2e	**14**	**459**	**473**	15	374	389	+22%	**14**	**459**	**473**	15	374	389	+22%
Scope 2 (location based)	tCO2e	**135**	**1,495**	**1,630**	154	947	1,101	+48%	**135**	**1,491**	**1,626**	154	947	1,101	+48%
Scope 2 (market based)	tCO2e	**1**	**1,495**	**1,496**	70	726	796	+88%	**1**	**1,486**	**1,487**	70	726	796	+87%
Total Scope 1 and 2 (location based)	tCO2e	**245**	**1,980**	**2,225**	264	1,340	1,604	+39%	**245**	**1,976**	**2,221**	264	1,340	1,604	+38%
Total Scope 1 and 2 (market based)	tCO2e	**111**	**1,980**	**2,091**	180	1,119	1,299	+61%	**111**	**1,971**	**2,082**	180	1,119	1,299	+60%
Scope 3 total	tCO2e	**785**	**496**	**1,281**	1,051	869	1,920	-33%	**785**	**467**	**1,252**	1,051	869	1,920	-35%
Business travel	tCO2e	**784**	**494**	**1,278**	1,050	868	1,918	-33%	**784**	**465**	**1,249**	1,050	868	1,918	-35%
Water supply and treatment	tCO2e	**1**	**2**	**3**	1	1	2	+50%	**1**	**2**	**3**	1	1	2	+50%
Total Scope 1, 2 and 3 (location based)	tCO2e	**1,030**	**2,476**	**3,506**	1,315	2,209	3,524	-1%	**1,030**	**2,443**	**3,473**	1,315	2,209	3,524	-1%
Total Scope 1, 2 and 3 (market based)	tCO2e	**896**	**2,476**	**3,372**	1,231	1,988	3,219	+5%	**896**	**2,438**	**3,334**	1,231	1,988	3,219	+4%

Sustainability continued

Environment continued

Energy and greenhouse gas emissions for FY 2025 continued

Emissions intensity

	Units	Absolute emissions (including Bolab Systems) 2025 Group	2024 Group	YoY % change in total	Like-for-like emissions (excluding Bolab Systems) 2025 Group	2024 Group	YoY % change in total
Revenue	£m	**114.7**	111.3	+3%	**110.3**	111.3	-1%
Intensity by revenue (Scope 1 and 2 market based)	tCO2e per £m revenue	**18.2**	11.7	+56%	**18.9**	11.7	+61%
Intensity by revenue (Scope 1, 2 and 3 market based)	tCO2e per £m revenue	**29.4**	28.9	+2%	**30.2**	28.9	+5%

Energy consumption by type

		2025			2024			
		UK	**Global (excl. UK)**	**Group**	UK	Global (excl. UK)	Group	YoY % change in total
Total electricity	kWh	**907,809**	**2,712,596**	**3,620,405**	874,518	1,339,584	2,214,102	+63%
Purchased electricity	kWh	**785,563**	**2,700,598**	**3,486,161**	741,399	1,339,584	2,080,983	+68%
On-site generated electricity (solar)	kWh	**122,246**	**11,998**	**134,244**	133,119	—	133,119	+1%
Gas	kWh	**525,917**	**144,171**	**670,088**	519,867	102,386	622,253	+8%
Company owned vehicle use	kWh	**49,097**	**1,842,171**	**1,891,268**	60,734	1,558,117	1,618,851	+17%
Personal vehicle Company use	kWh	**36,625**	**109,822**	**146,447**	69,823	311,616	381,439	-62%
Total energy consumption	kWh	**1,519,448**	**4,808,760**	**6,328,208**	1,524,942	3,311,703	4,836,645	+31%

Notes:

Emissions for the Group are calculated using methodologies consistent with the Greenhouse Gas (GHG) Protocol: A Corporate Accounting and Reporting Standard. Source data (meter readings) has been used wherever possible; where this is not available, this has been supplemented by billed data and an amount of estimated data.

For FY 2025, the UK government's GHG Conversion Factors for Company Reporting 2025 (Department for Energy Security and Net Zero factors) were used for fuels and UK electricity. Emissions factors were also provided by Carbon Footprint Ltd, the Carbon Database Initiative and US EPA for operations in other locations globally.

Scope 1 vehicle emissions include Group owned vehicles and those that are controlled by the Group for testing purposes.

The Scope 2 emissions associated with the Greenhouse Gas Protocol 'market based' method have been calculated in line with the Greenhouse Gas Protocol guidance. This figure has been calculated using residual-mix emissions factors where available (Germany and UK). In our other operating regions where residual-mix emissions factors were unavailable, country-specific emissions factors have been used instead (as per the location based method) in line with the Greenhouse Gas Protocol guidance. Where sites consume grid electricity backed by REGOs, this has been taken into consideration within the calculations.

Business travel data is inclusive of private vehicles used for business purposes, train travel, air travel, car hire and hotel stays. Metering and monitoring improvements continue to be implemented to capture and improve the Company's data stream.

Sustainability continued

Environment continued

Water management

Water usage data across the Group continues to be collected this year so we are able to set a baseline and future targets to reduce water consumption can be identified and established across the business. The Group's usage of water is minimal and predominantly relates to cleaning, bathrooms and staff refreshments. Water is not widely used in the design, manufacturing or servicing of our products; however, we acknowledge that water is a scarce resource and careful management of water consumption is essential to minimise our impact on water availability and quality.

FY 2025 saw a slight decrease in water consumption across the Group. A number of our subsidiary sites continue to be based in shared or leased premises where water consumption is included in lease fees, therefore water consumption data for those businesses is not available.

Group water withdrawal

	2025	2024
Freshwater withdrawal (m3)	**6,982**	7,176
Intensity ratio (m3 per £m revenue)	**60.9**	64.5

Waste management

The Group remains committed to identifying and assessing environmental risks, such as packaging waste, arising from all operations. Waste management initiatives are encouraged and supported by the Group and materials are recycled where practicable. Local management teams are committed to good environmental management practices and are responsible for implementing the necessary initiatives to meet their local obligations. Each facility participates in recycling paper, plastic, cardboard and wood from pallets and continues to focus on reducing energy consumption through the efficient use of heating and lighting.

All Group waste (both hazardous and non-hazardous) is managed in a sustainable manner, complying with all relevant environmental legislation and regulations as they relate to each location and community we operate in. We follow a waste management hierarchy of Prevention, Reuse, Recycling, Energy Recovery and Disposal to ensure the reduction in waste sent to landfill and the associated reduction in GHG emissions support our net zero ambition. Our Environmental Management System contains procedures for waste management and frequent reminders are made to ensure waste is recycled wherever possible.

In FY 2025, 99% of all waste produced was non-hazardous with 15% being recycled and the remainder being treated, sent to landfill or used in waste-to-energy programmes.

Anthony Best Dynamics Limited and AB Dynamics Europe GmbH continue to meet their waste reduction targets and recycled over 40% of waste during 2025.

2025 waste management

	Unit	Non-hazardous waste	Hazardous waste	Total waste
Tonnes to landfill	Metric tonnes	133.5	—	133.5
Tonnes recycled	Metric tonnes	28.5	—	28.5
Tonnes incinerated	Metric tonnes	20.2	—	20.2
Tonnes treated	Metric tonnes	—	1.7	1.7
Total	**Metric tonnes**	**182.2**	**1.7**	**183.9**

Waste management intensity

	Unit	Non-hazardous waste	Hazardous waste	Total waste
Intensity ratio	Tonnes per £m revenue	1.6	—	1.6

Waste by type

Material type	Unit	Hazardous waste	Non-hazardous waste	2025 total waste	2024 total waste
Gases (in containers), paints, adhesives, oils, batteries, accumulators, etc.	Metric tonnes	1.7	—	**1.7**	5.1
Paper/cardboard	Metric tonnes	—	14.9	**14.9**	33.9
Mixed construction waste	Metric tonnes	—	1.6	**1.6**	—
Other mixed commercial waste	Metric tonnes	—	152.2	**152.2**	138.0
Plastic and plastic packaging	Metric tonnes	—	4.5	**4.5**	76.5
Metal	Metric tonnes	—	3.1	**3.1**	3.6
Wood	Metric tonnes	—	4.5	**4.5**	7.4
Electrical/electronic	Metric tonnes	—	1.4	**1.4**	0.5
Total	Metric tonnes	1.7	182.2	**183.9**	265.0

Sustainability continued

Sustainable products

In line with the UN SDG 9 (Sustainable Innovation), our ambition is to continue to be a pioneer of innovation and support in the development of the EV market, through testing of battery technology and charging infrastructure. ABD Solutions' core mission is to accelerate the transition to autonomy by providing retrofit solutions that reuse existing vehicles to automate vehicle applications, helping our customers achieve their sustainability targets.

Resource efficiency and product innovation

We integrate sustainability into our product design by considering key factors such as energy and resource efficiency. Our suite of products does not have a high carbon footprint, and our simulation business, which enables OEMs to replicate the set-up of a particular vehicle and drive it around various settings virtually, reduces emissions by taking cars off the road. By encouraging our customers to use track testing and simulation, we significantly reduce the CO_2 emissions compared to on-road vehicle testing. Wherever possible, we minimise our raw material use and avoid the use of conflict materials in our manufacturing processes. We use minimal levels of hazardous substances in our production process but continue to examine how we can improve this. We are looking at our product life cycle management to consider how emissions can be reduced in line with the Group's net zero target.

As a Group, we have implemented several measures to encourage resource efficiency across our operations. These include meeting all energy needs in the UK from renewable sources, water conservation initiatives, raw material efficiency, waste minimisation initiatives, including a centralised waste and recycling facility, and resource recovery projects like our solar panels on three UK facilities. We have worked closely with our supply chain to review the sustainability risks associated with procurement and to implement initiatives to reduce life cycle carbon, through programmes to reduce packaging and source locally where possible.

We lead through engineering innovation and technology. Our employees are encouraged to generate new ideas relating to new products, new processes, major improvements or technology breakthroughs. We remain passionate about technology and aim to lead new trends in our market through our engineering design centre and simulation centre of excellence, responsible for innovative products like our new generation of driving simulators.

All our employees undergo rigorous training on product safety issues and to raise their awareness of their environmental protection responsibilities. This year, we also introduced specific training workshops on quality control, precautionary testing and product safety which all relevant staff attended, to ensure the highest environmental, quality and safety standards are maintained.

Responsible sourcing

In order to achieve our sustainability goals, it is vital that we develop, educate and work closely with our supply chain to uphold the ethical, human rights and environmental criteria that are at the heart of our business. We recognise the need for a proactive and engaged supply chain strategy that meets our own high standards and those of our stakeholders. Our communications and relationships with customers, suppliers and advisers are managed within each subsidiary by senior management, and the Group expects the same high standards of expertise and business principles to be maintained in such dealings. Our aim is to ensure that there is consistency across our international entities, to enable us to monitor compliance. We have chosen to operate under a centralised, head office-controlled framework but devolve responsibility for compliance within this framework to operating divisional or jurisdictional management, with the aim of global harmonisation around local requirements and legislation.

Supplier due diligence

Our supply chain is geographically diversified. All suppliers need to remain compliant with the legal framework in their respective countries. Before new suppliers are selected, they are subject to a due diligence assessment which involves on-site visits and checks to determine if they are 'fit for purpose'. This includes an assessment of their financial strength, environmental credentials and quality assurance. All suppliers are required to have a quality management system in line with ISO 9001 and, in line with these requirements, are audited by an independent third party annually and re-accredited every three years. We select suppliers for audit based on our supply chain risk assessments. Throughout the course of the year, these audits assess each supplier's approach to anti-bribery and corruption, human rights, data protection, modern slavery and health, safety and environmental issues amongst other matters. If any risks are identified, the Group works with suppliers to address them. Suppliers are then monitored in line with our non-conformance process, for environmental quality and safety issues, with any corrective actions recorded and monitored.

We intend to work with our suppliers to build mutually beneficial, long-term partnerships, to ensure measurable, long-term sustainability improvements throughout our supply chain. We will continue to focus on and roll out our Company supplier assurance and management schedule. This encompasses supplier audits to ensure our supply chain continues to meet our performance standards and simultaneously delivers on our social and environmental standards.

Prompt payment

We understand the importance of predictable payments when operating a business and encourage good practice across the Group. When entering into new agreements for the supply of goods and/or services, our subsidiaries are responsible for agreeing appropriate payment terms. Group companies are encouraged to abide by the payment terms they have agreed, so long as they are satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

Sustainability continued

Ethics and compliance

We are committed to ensuring that the behaviours and practices of our organisation, including those within our supply chains, reflect our own high ethical standards and compliance with applicable laws and standards. We strive to conduct business honestly, openly and with integrity, as this approach will support our long-term success and sustainability. We hold our leaders accountable for ensuring their businesses operate according to the strict ethical standards we expect. We have in place a series of Group policies forming a global subsidiary governance framework to guide our actions and those of our employees, suppliers and partners to ensure good governance and ethical behaviour across our Group. These policies include human rights, anti-bribery and corruption, modern slavery, conflicts of interest, competition and anti-trust. These policies are now reviewed annually and can be located on our website.

Human rights and modern slavery

We remain committed to upholding human rights in line with internationally recognised principles, which are embedded within our business operations. The Group actively seeks to identify, manage, and mitigate risks related to potential human rights breaches and modern slavery, ensuring transparency across all subsidiaries through the implementation of standardised policies and methodologies within our global subsidiary governance framework.

Oversight of compliance with the Group's human rights principles rests with the Sustainability Committee, whose mandate includes ensuring robust governance, monitoring, and oversight of our supply chain and broader supplier relationships. Local management teams are accountable for applying the operational approach set by the Group, receiving appropriate briefings and ensuring adherence to local regulatory requirements, cultural considerations, and specific business needs.

Our approach is underpinned by comprehensive policies and procedures, supported by targeted training, which provide guidance to our workforce and business partners on addressing breaches of human rights standards, including human trafficking and child labour, and tackling any potential instances of modern slavery within our organisation and supply chain. Any identified human rights abuses are addressed promptly and decisively.

We continue to assess our exposure to human rights and modern slavery risks as low across our business and supply chain. Our policies and procedures comply with the Modern Slavery Act 2015, and our public statement is available on the Group's website (www.abdplc.com). In addition, our internal policies on human rights and modern slavery are published in English online and made available locally in four languages for our workforce.

Whistleblowing and SpeakUp Portal

The Group is committed to maintaining a culture of integrity and transparency, where honest and open communication is actively encouraged, and employees feel comfortable raising concerns.

While we operate within a robust governance framework and uphold a strong commitment to ethical conduct, we acknowledge that circumstances may arise where these standards are not met. In such instances, employees are urged to report concerns through our dedicated whistleblowing portal, SpeakUp. The SpeakUp portal is accessible 24 hours a day, 365 days of the year, via a secure web link and mobile application. Reports can be submitted in all major languages used across the Group, anonymously if preferred. We guarantee legal protection for all whistleblowers, even where concerns prove unfounded.

All reports are investigated in accordance with the Group's whistleblowing policy and are overseen by our independent Non-Executive Directors. During FY 2025, two whistleblowing reports were received. Both were thoroughly investigated and resolved within the reporting period, with no further action required.

Anti-Bribery and corruption

The Group maintains a zero-tolerance approach to bribery, corruption, and all forms of fraud. Any actual or attempted fraud is subject to legal or disciplinary action across all operations. We have established Group-wide Anti-Bribery and Anti-Facilitation of Tax Evasion policies, which are reviewed annually by the Sustainability Committee and by the Audit and Risk Committee as applicable.

The anti-bribery policy is communicated to all employees globally, both policies are published on the Group's website (www.abdplc.com) . To embed compliance and strengthen understanding of the Group's requirements, employees complete mandatory online training on anti-bribery and corruption. Both the policy and training modules are available in the four principal languages spoken across the Group, ensuring accessibility and consistency of our standards.

Information systems and technology

The Group maintains a strong commitment to information security, underpinned by robust IT systems and a comprehensive suite of security controls and procedures. While we recognise that no system is entirely immune to cyber threats, our Group IT function ensures the integrity and resilience of our infrastructure through continuous oversight and improvement.

Key measures include regular external penetration testing, business continuity planning, and secure data backup and recovery protocols. These are complemented by a range of controls designed to prevent data breaches and unauthorised access. Our cybersecurity policies are reviewed annually to ensure they remain effective and aligned with evolving threats. In parallel, we deliver regular cybersecurity awareness training across the majority of our operations, fostering a culture of vigilance and shared responsibility.

In FY 2025, we completed TISAX® accreditation across our key business units, aligning our Information Security Management System (ISMS) with the automotive industry's leading standard. TISAX® – based on ISO/IEC 27001 – provides a harmonised framework for managing information security across virtual, physical and organisational domains. This certification reinforces our commitment to safeguarding sensitive data and maintaining the trust of our customers and partners.

Sustainability continued

Ethics and compliance continued

Information systems and technology continued

We also achieved Cyber Essentials certification in the UK and implemented enhanced security protocols for remote access. These initiatives are part of a broader strategy to strengthen our digital resilience and support the Group's ongoing digital transformation.

Looking ahead, we will continue to invest in infrastructure, systems and governance to ensure our information security practices evolve in line with technological advancements and regulatory expectations.

Tax transparency

The Group is committed to compliance with all applicable tax laws and regulations in all areas it operates in or is required to make filings in. The Group operates a Group-wide anti-facilitation of tax evasion policy which is reviewed annually by our Audit and Risk Committee. All required tax filings are made accurately and on time with the relevant authorities. We are committed to a transparent and open approach to reporting on tax and do not engage in aggressive tax planning or tax avoidance schemes.

Task Force on Climate-related Financial Disclosures (TCFD) report

Climate-related Financial Disclosures

Introduction

Given our global operations and customer base, we recognise the importance of understanding the current and future impacts of climate change on our business. We are committed to minimising the Group's direct impact on the planet with goals to achieve net zero for market based Scope 1 and 2 emissions by 2040 and working to be a net zero organisation by 2050. We have used the Task Force on Climate-related Financial Disclosures (TCFD) recommendations to prepare and protect our businesses and to assess and reduce our greenhouse gas emissions. We conducted a thorough analysis of our climate-related risks and opportunities, evaluating the potential financial implications of these across timeframes and climate scenarios and integrating these considerations into our strategic planning.

This report outlines our oversight of climate-related issues, the Group's incorporation of climate change into our broader risk management processes, our strategies for addressing climate-related risks and the key metrics we use to track progress toward our climate goals. The following pages meet our mandatory climate-related disclosure requirements under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022. In preparing this report, we have followed the recommendations of the TCFD as set forth in its 2017 guidelines, and the 2021 guidance from 'Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures'.

Governance

Board oversight

The Board of Directors is responsible for reviewing and guiding the Group's sustainability governance and strategy and for ensuring risks, including climate-related risks and opportunities, are managed throughout the Group. The Board also oversees and monitors progress against our stated net zero goals.

The development and implementation of the sustainability strategy is managed by the Group's Sustainability Committee, which has overall responsibility for the delivery of the strategy and carrying out actions to mitigate risks and manage opportunities. The Sustainability Committee is chaired by Louise Evans, Non-Executive Director, and includes both the Chairman and CEO as members. Senior leaders from across the business, representing different Group functions, are also invited to attend Sustainability Committee meetings as required. The Sustainability Committee met four times in FY 2025. Four of the six Board members are on the Sustainability Committee, and the other two Board members also attend the Sustainability Committee meetings on an ad-hoc basis, so there is strong awareness of sustainability issues at the Board level and the Board maintains regular oversight of the sustainability strategy.

The Sustainability Committee receives updates from the Net Zero Working Group (NZWG) as well as representatives of each of the different Group functions. The Committee monitors metrics and progress related to improving the climate-related performance of the businesses and addressing climate-related risks and opportunities, such as Scope 1, Scope 2 and select Scope 3 emissions, waste and water usage data and projects for our net zero target.

External specialist Auditel has been appointed to assist the Group in reducing carbon emissions and improving efficiencies. The NZWG, with support from Auditel, is responsible for delivering the Group's carbon reduction plan and implementing the activities and functions required to meet our net zero goals. Auditel representatives attend Sustainability Committee meetings and provide education and training to the Committee members to ensure they are appropriately skilled and informed to make decisions on strategy relating to climate change.

The Board is also supported by the Audit and Risk Committee which oversees the risk management framework for the Group. This framework is inclusive of environmental and climate-related risks which the Committee keeps the Board informed of at each Board meeting. The Audit and Risk Committee met five times during FY 2025.

The Group Remuneration Committee ensures that climate-related targets, which are reviewed on an annual basis, are integrated into executive remuneration.

Management's role

The NZWG has the management level responsibility for delivering the sustainability strategy and actions to achieve the Group's net zero goals. The NZWG is chaired by the CEO and is made up of representatives from all subsidiaries. As Chairman of the NZWG and a member of the Sustainability Committee, the CEO is the Board Director with overall responsibility for sustainability across the Group, which includes climate-related risks and opportunities.

Representatives, or Environmental Champions, are recruited from the workforce to help improve environmental performance by raising awareness of environmental issues within their areas. Oversight is also provided by the Group Health, Safety and Environmental Manager, assisted by Auditel.

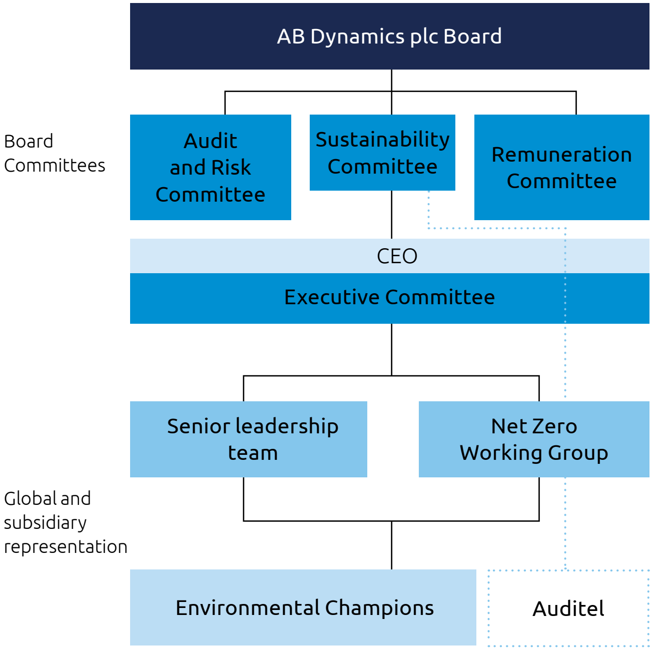
Members of the senior leadership team within the Group are responsible for setting and achieving specific environmental objectives assigned to their respective business unit. This includes monitoring the specific metrics assigned to each climate-related risk and opportunity in order to track progress and working towards our net zero goal through various decarbonisation projects such as energy efficiency efforts and the transition to renewable electricity.

Task Force on Climate-related Financial Disclosures (TCFD) report continued

Governance continued

Management's role continued

The organisational structure of our Group's sustainability governance is as follows:



Risk management

Climate-related risks and opportunities are integrated into the Group's broader business risk assessments and incorporated into the Group risk register, evaluated in the same manner as other Group risks to allow for full comparability. A comprehensive review of our risk register, including an assessment of climate-related risks and opportunities, is conducted annually.

A bottom-up operational assessment of risks and potential mitigation strategies is undertaken across the Group. This bottom-up approach is complemented by a top-down review, ensuring all significant risks are identified, assessed and quantified and that risks and opportunities are considered in AB Dynamics' own operations, its supply chain and downstream.

For potential climate-related physical risks specifically, a risk assessment using geospatial natural hazard mapping software has been conducted at each site. Climate-related transition risks tend to impact the Group in a top-down manner and are assessed as part of the top-down review, which incorporates policy and legal risks as well as any changes to the business, external regulatory developments or operating conditions. These are shortlisted in collaboration with internal stakeholders and senior management.

Mitigation plans are then developed to reduce risks to levels deemed as low as reasonably practicable. The Group's Audit and Risk Committee oversees the risk management framework for the Group, inclusive of environmental and climate-related risks. The CEO is responsible for the implementation of the agreed upon actions relating to climate risks.

Risks are assessed for their likelihood of occurrence and their impact on the business (consequences), were they to occur, to calculate risk scores and outcomes, which inform the current risk profile. Control procedures and actions are overlaid to provide a post-mitigation risk profile and identified risks are recorded both before and after mitigation measures to determine overall risk levels and the approach to management (e.g. further mitigation, accept or control). The Board enacts and monitors specific actions to mitigate material risks, while other risks are managed by local management.

Likelihood of occurrence:

1 – Rare (<1% chance)

2 – Unlikely (1–10% chance)

3 – Moderate (10–40% chance)

4 – Likely (40–85% chance)

5 – Almost certain (>85% chance)

Consequences:

1 – Insignificant (minor problem easily addressed by normal day-to-day processes)

2 – Minor (some disruption possible)

3 – Moderate (significant time/resources required)

4 – Major (severe damage)

5 – Catastrophic (business survival at risk)

The two metrics above lead to a risk score (probability x consequences) and an outcome classification.

Score	Classification
1–4	Acceptable
5–7	Acceptable with controls
8–12	Acceptable with monitored actions
>12	Unacceptable

Task Force on Climate-related Financial Disclosures (TCFD) report continued

Strategy

All risk and opportunity categories outlined in the TCFD guidance have been considered to ensure the completeness of this assessment. However, not all categories were deemed applicable or material to the business. Risks and opportunities have been assessed qualitatively and quantitatively and prioritised using the scales of our risk framework. In addition, climate scenario analysis was carried out during the prior year to model risks and opportunities under different climate expectations to help determine our business resilience to climate change. The scenarios remain appropriate for FY 2025.

Our risk assessment and climate scenario analysis has shown that, in aggregate across all scenarios assessed, the overall climate risk exposure for AB Dynamics is minor and we believe we are financially resilient and strategically robust to climate change. Our current understanding of climate-related risks is that any impacts on assets is limited and risks can be accommodated within business-as-usual activity considering existing and planned mitigation strategies. Physical risks are likely to increase in severity and frequency in the long term but the projected impact on assets remains minor and current mitigation in place should withstand weather events. Climate-related matters therefore do not have a material impact on the judgements and estimates applied in the financial statements as a result.

We recognise the significant climate impact of the automotive industry and the exposure of the industry to climate-related transition risks through regulation on internal combustion engines. However, due to the nature of the products and services offered by the Group, our business is well positioned to adapt to these changes and is less exposed to transitional risks compared to the wider industry.

In fact, the climate transition offers opportunities to the Group through increasing demand for our simulation products and systems, which enable customers to test in a virtual environment and therefore reduce their emissions in comparison to real-world testing. In addition, the Group will continue to assist in the roll-out of EVs, with the emergence of new vehicle models requiring additional development work, testing and validation. These opportunities are likely to increase across all timeframes as OEMs adapt to stringent regulation around fossil fuels and internal combustion vehicles and move towards lower-carbon alternatives. In aggregate, the estimated impact of our potential opportunities is greater than that of our climate-related risks.

As we strive to achieve net zero, climate-related risks and opportunities will play a central role in shaping the Group's strategy and planning, reaffirming our commitment to combating climate change and fostering a sustainable future.

Risks are subject to ongoing refinement and quantification over time, which enables us to build a complete picture and assists with incorporating the management of any climate-related risks into the ongoing strategy. Scenarios will be supplemented with additional sources that are specific to each risk to inform any assumptions included in projections.

Our risk register is not aligned with formal time horizons; however, the following timeframes have been applied when assessing climate-related physical and transitional risks:

	Time horizons		
	Short	**Medium**	**Long**
Timeframe	**2025–2027**	**2028–2040**	**2041–2050**
Rationale	In line with going concern assessment period.	Encompassing the Group's ambition to be net zero for Scope 1 and 2 emissions by 2040.	Long enough to encompass long-term industry and policy trends, such as UK Net Zero 2050, and for climate-related risks to manifest.

Task Force on Climate-related Financial Disclosures (TCFD) report continued

Key risks

Physical risks

To assess current and potential future physical climate-related risks at our facilities, we used a geospatial climate risk modelling software which thoroughly evaluates exposures to natural hazards based on historical data and future projections derived from climate change models. It was deemed unnecessary to carry out a physical risk analysis on the Group's suppliers or customers due to our well diversified supplier and customer base and given the Group does not overly rely on niche or unique resources or products.

Three scenarios have been used for analysis of climate-related physical risks. These are developed by the Intergovernmental Panel on Climate Change (IPCC) and are the default scenarios in the software.

- **RCP 2.6/SSP1[1]:** a climate-positive pathway, likely to keep global temperature rise below 2°C by 2100. Global GHG emissions are projected to peak in the early 2020s, followed by rapid and deep GHG emission reductions
- **RCP 4.5/SSP2:** an intermediate baseline scenario more likely than not to result in global temperature rise between 2°C and 3°C, by 2100 with a mean sea level rise 35% higher than that of RCP 2.6
- **RCP 8.5/SSP5:** a bad case scenario where the global response to mitigating climate change is limited and global temperatures rise between 4.1–4.8°C by 2100. This scenario is included for its extreme impacts on physical climate risks

Through a combination of the likelihood of an event occurring, the material importance of the location and the potential financial impact, we have identified one climate-related physical risk that may have an impact on the Company.

Risk description	Area	Potential financial impact	Mitigation/actions to manage risk	Related metrics	Time horizon	Likelihood	Consequences	Scenario where risk is most severe
Flood disruption and damage								
Three of our business locations have been identified as being currently exposed or projected to be exposed to flood risk through severe precipitation or river flood. These were our track testing services business based in California, our on-road testing services business based in China and our sales and support office in Japan.	Own operations	• Loss of revenue due to operational disruption and reducing productivity • Asset damage costs • Increased insurance costs	• Insurance coverage • Sales offices have ability to work remotely	• Number of days and revenue lost due to disruption • Cost of asset damage/ replacement • Insurance costs	All time horizons	Moderate	Minor	RCP 8.5

1 IPCC (2014), Climate Change 2014: AR 5 Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change.

Task Force on Climate-related Financial Disclosures (TCFD) report continued

Key risks continued

Transition risks

AB Dynamics is exposed to both risks and opportunities associated with the transition to a low-carbon economy. The speed at which this transition occurs will influence the severity and impact of these climate transition risks and opportunities.

Two scenarios were used for analysis of transition risks, with a horizon of 2050. These scenarios are derived from the International Energy Agency (IEA) and are supportive in modelling positive climate outcomes.

- **Net Zero 2050 (NZE):** an ambitious scenario which sets out a narrow but achievable pathway for the global energy sector to achieve net zero CO_2 emissions by 2050. This meets the TCFD requirement of using a 'below 2°C' scenario
- **Stated Policies Scenario (STEPS):** a base case scenario which represents the roll forward of already announced policy measures. This scenario outlines a combination of physical and transition risk impacts as temperatures rise by around 2.5°C by 2100 from pre-industrial levels, with a 50% probability

Based on a combination of the likelihood of an event and the potential financial impact, we have identified two potentially significant climate-related transition risks and two potentially significant climate-related transition opportunities. These risks and opportunities have been assessed on a gross level, assuming no mitigating actions have been implemented.

TCFD category	Risk description	Area	Potential financial impact	Mitigation/actions to manage risk	Related metrics	Time horizon	Likelihood	Consequences	Scenario where risk is most severe
Carbon price in own operations and value chain									
Current and emerging regulation	Carbon pricing represents a risk of higher energy prices or direct costs related to our Scope 1 and 2 emissions. IEA forecasts an increase in carbon prices under both NZE and STEPS. Carbon pricing could also be imposed in the value chain; however, it is uncertain when this will occur and how much will be passed to AB Dynamics.	Own operations and upstream	• Potential carbon tax related to GHG emissions in own operations and higher costs on purchases related to Scope 3 emissions • Greater costs associated with emissions activities	• Current and planned initiatives to reduce energy consumption and Scope 3 emissions and targets for decreased emissions across full footprint • Full Scope 3 carbon footprint to be completed to understand the risk fully • Engagement with suppliers	• Scope 1 and 2 emissions • Scope 3 emissions (purchased goods and services and upstream transportation and distribution) • Operating costs	Medium to long term	Moderate	Minor	NZE
Failure to meet/maintain expected sustainability credentials									
Reputation	Our stakeholders expect us to demonstrate progress toward the Group's publicly disclosed net zero goals and maintain our current credentials. Failure to meet this obligation could damage our reputation amongst investors and customers.	Own operations	• Shareholder concern resulting in increased cost of capital and loss of investment • Loss of customer trust, competitive advantage and potentially supplier status could lead to reduced revenue	• Continuous improvement in sustainability reporting to align with external frameworks and rating agencies • Publish a full transition plan to meet net zero target • Communication with stakeholders	• Scope 1, 2 and 3 emissions • ESG rating agency scores • ISO 14001 certification • Revenue • Cost of capital	Short to medium term	Unlikely	Minor	NZE

Task Force on Climate-related Financial Disclosures (TCFD) report continued

Key risks continued

Transition opportunities

TCFD category	Opportunity description	Area	Potential financial impact	Strategy/actions to manage opportunities	Related metrics	Time horizon	Likelihood	Consequences	Scenario where opportunity is greatest
Aiding the transition to a green economy									
Products and services, Markets	We are well placed to capitalise on the continued transition to EVs, with new vehicle models driving increased demand for our products and services. Similarly, our simulation offerings and the retrofit capability offered by ABD Solutions, which will enable our customers to reuse existing vehicles to automate vehicle applications, are well positioned to grow as our customers seek to achieve their own sustainability targets.	Own operations	• Increased revenue from the expanding EV market • New revenue streams for retrofit solutions of autonomous systems in adjacent markets • Increased market share where our offerings assist sustainability targets	• Marketing strategy to communicate our ability to meet sustainability requirements • Continue to develop ABD Solutions to meet market needs • R&D investment strategy to adapt to market and industry changes	• Revenue • Market share	Medium term	Likely	Moderate	NZE
Renewable energy									
Energy source	We have the opportunity to reduce emissions, mitigating any costs of carbon pricing and potentially operating costs through transitioning to green energy. By generating our own renewable energy in the long term through on-site installations, we can also improve business resilience to the transition to a low-carbon economy.	Own operations	• Reduced operating costs for energy • Reduced impact of carbon pricing in own operations • Reduced energy bills through generation of own renewable energy on site	• Transition of overseas subsidiaries to renewable energy where possible • Further implementation of green energy initiatives, for example the installation of additional solar panels across our sites	• Scope 2 emissions • Energy consumption • Operating costs	Medium to long term	Likely	Minor	NZE

Metrics and targets

AB Dynamics currently reports in compliance with UK SECR regulations, providing metrics on our energy consumption, Scope 1, Scope 2 and select Scope 3 emissions, including those related to water supply and treatment, and business travel. Emissions are calculated in accordance with the GHG Protocol.

We are expanding our Scope 3 emissions coverage and during the year we continued a comprehensive project with external advisers to better understand our Scope 3 baseline carbon footprint, allowing us to continue to collect data from new categories for the UK part of our business. Note that the data relating to these new categories is not yet available for the global Group and is therefore excluded from the GHG emissions values disclosed for the Group.

For full details of the Group's GHG emissions data, see pages 42 and 43.

As we improve the collection of this data across the Group, we will become increasingly better positioned to set specific carbon footprint reduction targets to assist in mitigating the risks discussed under risks one and two above.

Against each of the climate-related risks and opportunities, we have identified specific metrics that will be used to track and monitor progress. Our overarching target for net zero by 2040 across Scope 1 and 2 emissions is a major contributing factor behind mitigating our risks and impacts. The Group also has a longer-term target to be a net zero organisation by 2050. In addition, Anthony Best Dynamics Limited and AB Dynamics GmbH have subsidiary level targets to reduce electricity and gas usage by 5% per annum as part of their certified ISO 14001 Environmental Management Systems.

Variable remuneration for our Executive Directors is linked to the achievement of sustainability metrics. In FY 2025, executive bonuses included a 5% weighting for meeting sustainability targets/metrics. Future remuneration plans are reviewed by the Remuneration Committee.

The Group currently has no plans to introduce an internal carbon pricing mechanism for capital investments but, as per the carbon pricing risks outlined above, we monitor and plan for operational carbon prices using the IEA forecasts.

S172(1) statement and stakeholder engagement

Engaging with our stakeholders

S172(1) statement

Section 172(1) of the Companies Act 2006 requires the Directors to act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In doing so, Section 172 requires the Directors to have regard, amongst other matters, to:

- The likely consequences of any decision in the long term
- The interests of the Company's employees
- The need to foster the Company's business relationships with suppliers, customers and others
- The impact of the Company's operations on the community and environment
- The desirability of the Company maintaining a reputation for high standards of business conduct
- The need to act fairly as between members of the Company

In discharging our Section 172 duties the Directors have regard to the factors set out above and any other factors which we consider relevant to the decision being made.

The Board recognises that positive interaction and collaboration with all our stakeholders are essential to the delivery of sustainable long-term value. Effective engagement enables the Board to better understand our stakeholders' views on material issues which may impact the business and helps to inform the Board's decision making. We engage with a wide range of stakeholders at the Board level, at a Group level and within our business units. By understanding what matters to our stakeholders we are able to take this into account when setting our strategy and planning our day-to-day business operations. We have set out on the following pages how we engage with our key stakeholders; we have also included references to other sections of the Annual Report containing further information on how the Board has had regard to Section 172 matters during the year.

CUSTOMERS

AB Dynamics works with the biggest names in the automotive industry (including OEMs, proving grounds and motorsport teams).

Understanding our customers underpins the success of our business. Regular engagement ensures that the Group continues to operate with a 'customer first' attitude. We see customer satisfaction as an important aspect of our Group performance overall. This enables us to identify any changes required to our services and to deliver continuous improvements.

Aims and objectives for our stakeholders

- Delivery – on time and on budget
- Safety
- Value
- Relationships
- Quality
- Service and support

How we engage

- Regular contact through key account managers and support engineers
- Programme of webinars
- Attendance at industry events
- Customer surveys

Outcomes

- High level of engagement across all our customer groups

PLEASE REFER TO OUR BUSINESS MODEL ON PAGES 16 AND 17 FOR MORE INFORMATION

INDUSTRY BODIES

In the complex and fast-moving automotive area, which is driven by innovation, data technologies, customer demand and budget constraints, policymakers and regulators face tremendous challenges to formulate effective, evidence based and future-proof standards that improve safety, enhance environmental performance and serve the public interest. Productive engagement with industry bodies and trade associations is increasingly necessary and enables the Group to keep abreast of changes in the industry and lead our sector to make real improvements in both safety and environmental performance.

Aims and objectives for our stakeholders

- Safety in the community
- Focus research to improve safety
- Environmental performance
- Global improvement of industry standards
- Human factors

How we engage

- Membership of or engagement with over 18 industry bodies, including research organisations, certification and/or standards committees in the UK, Europe, the USA, Asia and Australia
- Chair of various committees related to motorcycle and passenger car safety and human factors
- Attendance at industry events
- Speakers at industry events

Outcomes

- Increased participation at industry events including showcasing the launches of our new products

S172(1) statement and stakeholder engagement continued

INVESTORS

The support of our investors is vital to the long-term performance and success of the Group.

As an AIM listed company it is important to provide our shareholders with reliable, timely and transparent information. Our shareholders are constantly evaluating their portfolios and considering their exposure in our stock. To maintain a loyal shareholder base, it is important that we keep them well informed. We provide them with information to ensure their understanding of the business is up to date and enable them to make informed decisions.

Aims and objectives for our stakeholders

- Financial performance
- Governance
- People and culture
- Sustainability initiatives and environmental management

How we engage

- Annual Report and Accounts
- AGM
- Group website: www.abdplc.com
- Investor roadshows
- Results presentations
- Stock exchange announcements
- Investor visits and ad-hoc meetings and correspondence throughout the year
- Open days
- Investor Meet platform for retail investors

Outcomes

- Approval of all our resolutions at our AGM in 2025
- High engagement on our Capital Markets Day held at our main UK site
- Positive investor feedback on engagement, accessibility and transparency
- Nominated for Best Investor Communication Award at the AIM Awards 2024

PLEASE REFER TO THE STATEMENT OF CORPORATE GOVERNANCE ON PAGES 68 TO 78 FOR MORE INFORMATION

EMPLOYEES

With over 500 employees spread across the globe, the engagement and commitment of our employees are key to the Group's resilience and continuing success.

Our strength is in the products and services we provide through our people. Therefore, it is important to have a strong culture and invest time and effort in building diverse, skilled, motivated and highly trained teams.

Aims and objectives for our stakeholders

- Remuneration and reward
- Employee training and development
- Company reputation
- Health and safety
- Diversity and inclusion
- Employees' wellbeing
- Talent management

How we engage

- Through sector and business unit line managers
- Inductions
- Employee training
- HSE reviews
- Support women in engineering
- Community outreach
- The CEO's full-year and half-year presentations on strategy and Group performance

Outcomes

- Our staff have an average length of service of over four years (excluding VadoTech Group)

SUPPLY CHAINS

Our external supply chains are an integral part of our business and effective engagement with our suppliers is an essential element of our ability to perform.

Our suppliers provide a range of parts and services. The smooth functioning of our business depends upon the performance of those suppliers. Regular engagement ensures that we can maintain good relationships and that the business, and its customers, are not exposed to unnecessary risks.

Aims and objectives for our stakeholders

- Good working relationships
- Supply chain resilience
- Prompt payment
- Quality and reliability

How we engage

- Provision of Group policies to suppliers
- Supplier conferences and workshops
- Supplier due diligence
- Supplier quality assurance
- Ensure prompt payment of suppliers in accordance with agreed terms and conditions

Outcomes

- Our subsidiaries are responsible for agreeing to and abiding by prompt payment terms; for more information please see page 45
- We have sought to strengthen our supplier relationships as a way to manage the risk to our supply chain, which has included engagement with some new suppliers

COMMUNITIES

The Group has long-term links with many of the communities within which it operates, most notably Bradford on Avon and the counties of Somerset and Wiltshire, UK, where we are headquartered and around half of our employees are based.

We see ourselves as part of the communities in which we live and work. Our active contribution and engagement with those communities are an important part of who we are and we are working to improve this engagement in all our locations.

Aims and objectives for our stakeholders

- Support our local communities
- Encourage participation and diversity within STEM environment
- Encourage participation within our industry segment

How we engage

- Sponsorship and charitable donations
- Employee volunteering
- University partnerships
- STEM ambassadors

Outcomes

- The Group has continued to enable each employee to spend two volunteering days a year to lead engagement in projects in their communities

PLEASE REFER TO OUR PEOPLE ON PAGES 35 TO 39

Risk management

How we manage risk

To ensure sustainable delivery of shareholder value, the Group has implemented a risk management framework and management structure that ensure risks are identified, assessed and mitigated wherever possible. It is recognised that certain risks are beyond the control of the Group; however, the Board is committed to the protection and enhancement of the assets and reputation of AB Dynamics.

"Our approach to risk is intended to protect the interests of all our stakeholders. We continue to assess and prioritise the risks related to our strategic objectives and their impact on the principal risks."

Methodology

The Board has overall responsibility for the management and maintenance of systems and processes to manage risk and ensure delivery of our strategic priorities.

Risk management responsibility is set out in the displayed structure. The Audit and Risk Committee has responsibility for reviewing the effectiveness of the risk management framework and internal controls and ensures that the Group is in full compliance with relevant regulations and laws, supported by the Company Secretary. Executive Directors have responsibility for overall management and delivery of the strategy, considering the risk environment and regular review of the risk management framework.

Senior management within the individual operating companies is then responsible for identifying and recording risks, implementing agreed mitigation actions, ensuring compliance with Group internal controls and ensuring compliance with relevant local laws and regulations.

Although the Group does not currently have a dedicated internal auditor, the function of internal audit is carried out by Group finance, supported by the Company Secretary. Its responsibility is to monitor compliance and conduct or, where appropriate, commission specific reviews.

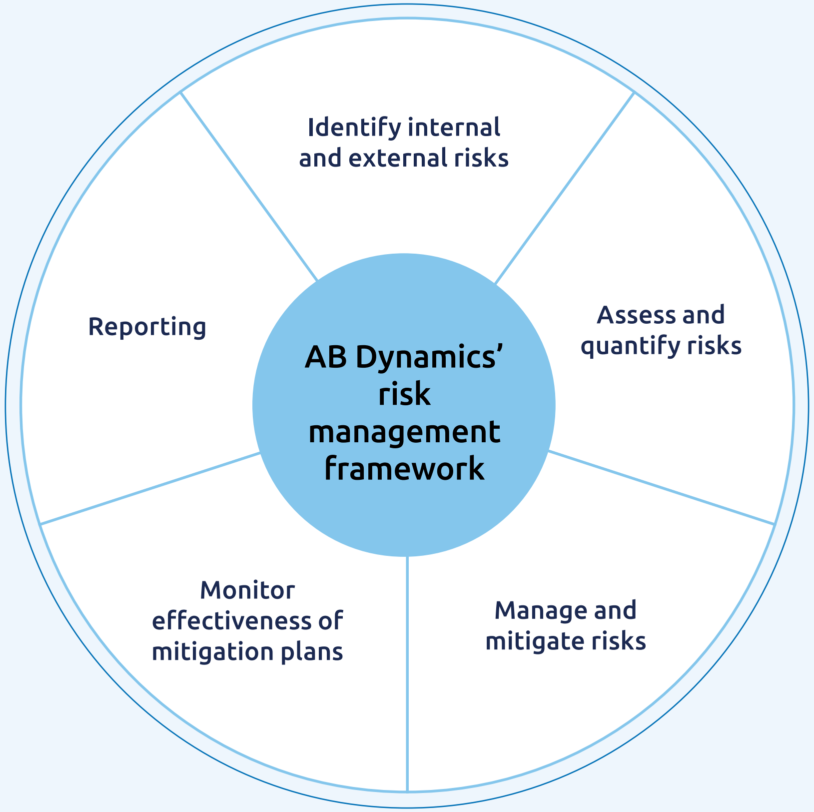
The Board has developed the framework to identify and manage risks, set the risk appetite of the Group and determine the overall risk tolerance levels.

A bottom-up risk analysis is undertaken considering detailed individual risks that fit into five main categories: strategic, operational, financial, environmental and compliance. This is combined with a strategic top-down review to ensure that all appropriate risks are identified, assessed and quantified. Mitigation plans and actions are then put in place to ensure risks are reduced to a level that is as low as reasonably practicable.

The risks are assessed both pre and post-mitigation to identify the overall risk level based on a combination of probability of occurrence and the magnitude of potential consequences. For identified risks that are considered by the Board to be material, the Board monitors specific actions to mitigate these risks. For all other risks, the actions are implemented at local management level and are reviewed regularly by Executive Directors and the Executive Committee.

Risk management continued

AB Dynamics' risk management framework



Internal audit
- Monitoring of compliance with internal controls and policies of the Group
- Conducts or commissions specific reviews where necessary

Board
- Overall accountability for corporate risk management and strategy
- Determines overall risk appetite

Audit and Risk Committee
- Reviews effectiveness of risk management framework and internal controls
- Ensures compliance with relevant regulations and laws

Executive Directors
- Management of the Group and delivery of the strategy
- Monitoring and mitigation of key risks
- Regular reviews of the risk management framework

Operating companies
- Identify and record risks
- Implementation of risk mitigation actions and compliance with internal controls and policies
- Responsible for compliance with relevant laws and regulations

Principal risks and uncertainties

Managing our risks throughout the Group

Change Increased No change Decreased

Strategic risk

Downturn or instability in major geographic markets or market sectors	Supply chain disruption	Disruption in automotive market and loss of major customers	Failure to deliver new products	Dependence on external routes to market	Acquisition integration and performance
Description Adverse changes in macroeconomic conditions in key territories or specific automotive markets, including China, or the impact of other events such as a pandemic or international conflicts could potentially reduce or delay demand for the Group's products and services. Inflationary cost pressures, changes in international trade policies and increasing global tariffs could result in a reduction in orders or delay in placement of orders.	**Description** The availability of key components has led to increased supply chain risk. Increased input costs and uncertainty in relation to global tariff policies leads to pressure on margins.	**Description** Disruption in the automotive sector caused by falling production volumes, competition from new entrants and change in mix of powertrains could result in a reduction in orders or delay in placement of orders.	**Description** With industry and regulatory development, the Group needs to ensure new product development responds to changes in the market with new products delivered on time and to budget.	**Description** The Group uses several agents and resellers to address particular geographic markets: • Risk of reduced revenues if agreements end at short notice • Limited control of market pricing with resellers • Potential financial consequences on termination	**Description** The Group has completed several acquisitions and there is potential for acquisitions to fail to deliver the expected performance resulting in a potential financial impact.
Mitigation • Revenue spread across a range of geographic markets • Active safety and autonomous vehicle technology required despite automotive downturn • Strategy and action plan implemented to enter adjacent markets • Flexing location of manufacturing to minimise impact of tariff increase • Constant monitoring of market trends, drivers and needs to ensure market leadership • Price increases to customers mitigate impact of inflationary cost pressures	**Mitigation** • Dual sourcing for key components wherever possible provides mitigation for key suppliers or a tooling failure • Maintaining safety stock levels sufficient to protect against short-term disruption • Flexibility in production scheduling to mitigate price increases • Price increases to customers mitigate impact on margins	**Mitigation** • The Group's products are used in R&D not in automotive production • The Group is OEM agnostic, supplying to all major OEMs providing diversification • We do not have any customers who represent more than 10% of Group revenue • Products are used across all powertrains • Long-term relationships with all key customers • A significant proportion of our revenue now relates to recurring software licences, support contracts and long-term arrangements with customers	**Mitigation** • Process for identifying new product opportunities established • Product development process implemented	**Mitigation** • Direct sales model in key territories with offices in Germany, USA and Japan • The Group will maintain agents and resellers in other territories as appropriate • Risks relating to financial consequences are understood and all transitions managed to minimise potential quantum of termination payments	**Mitigation** • Extensive financial, commercial and legal due diligence • Appropriate warranties and indemnities from sellers • Use of earnout deal structures to ensure management incentivisation and continuity • Senior management in place across all functional areas to support acquisitions • Close management and monitoring of business performance against budget
Change Increased	**Change** No change	**Change** No change	**Change** No change	**Change** No change	**Change** No change

Principal risks and uncertainties continued

Change Increased No change Decreased

Operational risk

Cybersecurity and business interruption	Competitor actions	Loss of key personnel	Threat of disruptive technology	Product liability	Failure to manage growth
Description Risk of malicious cyber-attack on Group IT systems or significant failure of IT infrastructure, particularly with increased remote working and the general increase in risk in the cybersecurity environment.	**Description** Loss of a significant customer to competition could result in reduced revenues. Competitors may develop new technologies and/or products which may restrict revenue growth. Competitors may establish physical assets in key locations.	**Description** The unexpected loss of key individuals could have an adverse effect on the Group's performance.	**Description** Unforeseen new and novel technology, including AI, displaces the need for Group products and services, or replicating the intellectual property of the Group. Uncontrolled use of AI may result in unintentional sharing of intellectual property. Simulation potentially reduces the volume of physical testing products.	**Description** Risk that products supplied by the Group fail in service and result in a claim under product liability.	**Description** Rapid growth places demand on the Group's management and resources. Suitable facilities are required to support the current and forecast demand of the market. Failure to ensure adequate capability and capacity could result in reduced revenues and/or growth.
Mitigation • TISAX® accreditation pending • Cyber Essentials certification achieved in the UK • Implementation of enhanced security around remote access	**Mitigation** • Focus on high levels of customer service to retain key customers • Constant product and technology development • Monitoring of competitors and the IP/patents to ensure no infringement on Group intellectual property • Monitoring of competitor product launches and territory actions	**Mitigation** • Expansion of staff headcount and specific actions around succession planning and talent management • Strong staff retention rate with average length of service of more than four years • Broadened senior management team	**Mitigation** • Constant horizon scanning of new technologies • Engagement with customers and regulators to ensure we meet their current and future requirements • Continued investment in infrastructure, systems and processes for growth to ensure the Group can address both virtual and real-world testing • Leveraging the benefits of AI technology and tools though controlled adoption • AI policy defines restrictions to control and protect Group data	**Mitigation** • Robust product development process ensuring products are safe and fit for purpose • Established quality system to ensure that manufactured products meet the design standard • Suitably qualified and experienced engineering and technology staff • Product liability insurance policy in place	**Mitigation** • Strategic priority placed on Group's capability and capacity • Implementation of a three-year financial model which determines requirements for people, facilities and equipment • Scope for further operating expansion within existing footprint. Resources available for further expansion as necessary • Implementation of appropriate IT infrastructure through comprehensive CRM/ERP system • Overseas offices established in the USA, Germany and Japan to support customers and installed product base
Change Increased	**Change** No change	**Change** No change	**Change** No change	**Change** No change	**Change** No change

Principal risks and uncertainties continued

Change Increased · No change · Decreased

Financial risk				Compliance risk	Environmental risk
Foreign currency	**Counterparty risk**	**Credit risk**	**Tax risk**	**Intellectual property/patents**	**Environmental risk**
Description The Group operates internationally and is exposed to both transactional and translational foreign exchange risk. The Group is particularly exposed to the Euro and US Dollar. Exposure to the Chinese RMB and Japanese Yen is expected to grow. The risk is enhanced due to the volatility in foreign exchange markets caused by recent macroeconomic events, including geopolitical conflicts and changes to international trade policies.	**Description** The Group has exposure to counterparty risk in relation to cash deposits. The Group also operates in areas where a potential cash repatriation risk arises.	**Description** The Group has the potential to be exposed to bad debt risk from customers, however there is no history of material bad debt in the business.	**Description** The Group benefits from a lower corporation tax rate on profits attributable to certain UK patents under the Patent Box regime. It also benefits from the UK Research and Development Expenditure Credit scheme. Any changes to these tax reliefs could result in an increase in the Group's effective rate of tax. The Group's subsidiaries operate across a number of tax jurisdictions which exposes the Group to transfer pricing compliance risk on intercompany transactions.	**Description** The Group utilises its intellectual property to deliver product and service revenue. Intellectual property theft and/or infringement could adversely affect product sales.	**Description** Failure to identify and effectively manage climate change risks and opportunities could result in decreased demand for our products and services as well as loss of customer confidence.
Mitigation • Group finance function monitors currency exposure forecasts • Majority of the Group's revenues are contracted in GBP • Use of foreign currency contracts to hedge remaining exposure where appropriate	**Mitigation** • Counterparty credit ratings are monitored on a regular basis • Cash deposits are spread across a number of different counterparties • Cash exposed to repatriation risk is kept to a minimum and monitored on a regular basis	**Mitigation** • Risk is assessed on a case-by-case basis. Credit limits and payment terms are established according to risk • Advance payments and letters of credit are used where appropriate	**Mitigation** • Transfer pricing risk is monitored on a regular basis and transfer pricing documentation is maintained	**Mitigation** • The Group has patented technology where appropriate that covers the key sales territories • Where products are not able to be protected through patents, design features and/or encryption is used to protect the core IP • Continual review of current patent and IP status noting adverse changes in macroeconomic conditions in key territories or specific automotive markets • Review of new products/ technology conducted to ensure IP is protected	**Mitigation** • The Sustainability Committee was formed in FY 2021 with responsibility for the creation of sustainability policies and framework while promoting sustainable long-term growth • Continued focus delivering the medium-term plan for achieving net zero targets • Group Environmental Policy published • Carbon footprint baseline report published • MSCI ESG rating of AAA was awarded • The Net Zero Working Group delivering Group carbon reductions
Change Increased	**Change** No change	**Change** No change	**Change** Increased	**Change** No change	**Change** No change

Non-financial and sustainability information statement

This section of the Strategic report constitutes the Group's Non-financial and sustainability information statement and addresses the requirements of Sections 414CA and 414CB of the Companies Act 2006. The non-financial information is included within the various other sections of the Strategic report and is cross-referenced below.

Reporting requirements	Relevant policies which govern our approach	Where to read more	Pages
Environmental matters	• Environmental policy	• Embedding sustainability • Environment • TCFD report	31 and 32 40 to 44 48 to 53
Employees	• Salary planning policy • Performance planning and review policy • Health and safety policy • Mental health and wellbeing policy • Employee development programme • Whistleblowing policy • Travel policy	• Health and safety • Our people • Ethics and compliance	33 and 34 35 to 39 46 and 47
Social and community matters	• Social media policy • Volunteering policy	• Embedding sustainability • Our people	31 and 32 35 to 39
Respect for human rights	• Human rights policy • Equality, diversity and inclusion policy • Modern slavery policy	• Ethics and compliance	46 and 47
Anti-bribery and corruption	• Anti-bribery policy • Anti-facilitation of tax evasion policy • Competition and anti-trust policy • Conflicts of interest policy	• Ethics and compliance	46 and 47
Business model		• Investment case • Our markets and strategy • M&A strategy • Our business model • Operational review	2 and 3 10 to 13 14 16 and 17 22 to 27
Stakeholders		• Stakeholder engagement	54 and 55
Risk management	• Internal control manual	• TCFD report • Risk management • Principal risks and uncertainties	48 to 53 56 and 57 58 to 60
Non-financial key performance indicators	• Environmental policy • Health and safety policy	• Health and safety • Our people • Environment	33 and 34 35 to 39 40 to 44

Strategic report approval

The Company's Strategic report is set out on pages 1 to 61. The Strategic report is approved by the Board and signed on its behalf by

Richard Elsy CBE
Non-Executive Chairman
11 November 2025

Chairman's introduction to corporate governance

Good governance to promote long-term growth

"Corporate governance maintains and promotes high levels of professionalism in the Board."

Dear shareholders,

I am pleased to introduce our Corporate governance report for the year ended 31 August 2025 on behalf of the Board, in which we describe our corporate governance arrangements, the activities of the Board and its Committees and how the Board discharged its duties throughout FY 2025.

This report explains how we have complied with the latest version of the Quoted Companies Alliance Corporate Governance Code 2023 (the QCA Code) on the basis that it is the most appropriate governance code for the Group having regard to its strategy, size, stage of development and resources. The information presented in this section reflects the Board's assessment of the application of the QCA Code. We believe that effective corporate governance is key to delivering the Group's strategy and ensuring our long-term success.

Role of the Board

The Board is responsible to the Group's shareholders and sets the Group's strategy for achieving long-term success in accordance with our purpose and values. The Board is also ultimately responsible for establishing the Group's governance structure, the effectiveness of our internal controls, risk management, and the direction of the Group to help deliver our strategy. We look to provide the framework for our Group companies to follow our strategy and provide guidance at Group level on measures to implement our objectives.

Growth and scale

We are investing in our business to grow organically and through acquisitions. This year, we welcomed Bolab Systems GmbH (Bolab) into our group of businesses which develops the Group's capability in the automotive power electronics testing products business. This 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. We remain committed to our acquisition strategy and have identified a number of opportunities that would potentially meet our strategic criteria. We will ensure our governance structures remain in place and evolve to meet the changing demands of the Group in this period of growth.

Board activities and environmental policy

The Board is mindful that it needs to create the right balance between considering in-year activities and looking ahead at more strategic matters. The Board's activities during the year are set out on pages 72 and 73.

One of the Board's activities this year was to review the Group's environmental policy and ongoing actions to decarbonise and reduce emissions. Our aim to be net zero for market based Scope 1 and 2 emissions by 2040 and to be a net zero organisation by 2050 is a key part of the Group's strategy. If we are to continue to achieve our stated objective, it is essential that decarbonisation goals become embedded into the breadth of our activities and include stretching but attainable targets. In FY 2025, the Board reviewed and discussed the Group's decarbonisation targets and flightpath to 2050. More information on the Group's sustainability strategy and how we track our performance can be found on pages 31 to 47.

Equality, diversity and inclusion

Our focus continues to be towards nurturing an inclusive culture at AB Dynamics through our equality, diversity and inclusion (EDI) workstream. We have an EDI policy which outlines our commitment to EDI and sets out how we put this commitment into practice. To support and raise awareness on the importance of inclusivity in our workplace every employee is to undertake EDI training on an annual basis. We will monitor our EDI data on an ongoing basis to assess the impact of this policy and our EDI strategy.

Chairman's introduction to corporate governance continued

Board effectiveness and evaluation

The Board conducts an external Board evaluation process every three years. Our external Board evaluation exercise was carried out this year. I am pleased to report that the overall conclusion of the external review is that the Board and its Committees continue to be effective and function well in an environment of constructive challenge and open sharing of viewpoints.

Annual General Meeting (AGM)

Our 2026 AGM will be held on Thursday 15 January 2026 at 11.00 am. Full details including the resolutions to be proposed to shareholders are set out in the Notice of the AGM on pages 131 to 135.

Outcomes of the resolutions tabled at the AGM, including poll results detailing the votes for, against and withheld, will be published on the Group's website and the London Stock Exchange once the AGM has concluded.

Richard Elsy CBE
Non-Executive Chairman
11 November 2025

Statement of corporate governance

This statement of corporate governance is an explanation of how the Group has applied the ten principles of the Quoted Companies Alliance Corporate Governance Code 2023 (the QCA Code) throughout the year. The QCA Code and these standards are integrated into the Group's operations and compliance supports the achievement of our strategic objectives. Whilst day-to-day operational decisions are managed by the Chief Executive Officer, certain strategic decision making powers and authorities of the Company are reserved as matters for the Board.

The Board recognises the value of good corporate governance and can confirm that it has complied with the QCA Code for the period under review, as required by the AIM Rules. The Group will provide disclosures for the new version of the QCA Code in this year's Annual Report and Accounts for the first time.

Board performance review and evaluation

During the year, an external review of Board performance was conducted. Further details of the outcome of the report can be found on page 74.

Summary of compliance with the QCA Code

The Board has reviewed the principles and provisions of the QCA Code. Following this review, the Board is pleased to confirm that the Company has complied with the Code for the financial year ended 31 August 2025.

The QCA Code can be found on the QCA's website (www.theqca.com) and further information on compliance with the Code can be found below.

The Board held seven meetings throughout the year ended 31 August 2025, and the Directors' attendance at those meetings is set out on page 72.

The Board is committed to the pursuit and maintenance of high standards of corporate governance by promoting ethical and sustainable values and behaviours consistently across the Group's businesses. This report, along with the sections detailed below, aims to provide clear and meaningful explanations of how the Board and its Committees have discharged their governance duties and explains how the Group promotes open and transparent discussions and welcomes constructive challenge in every aspect of its business.

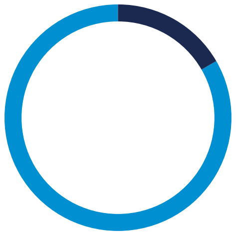
CONTINUE READING ABOUT OUR STATEMENT OF CORPORATE GOVERNANCE ON PAGE 68

Board of Directors

A leadership team creating sustainable shareholder value

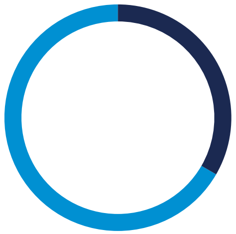
Board composition

Length of tenure



0–5 years	1
5+ years	5

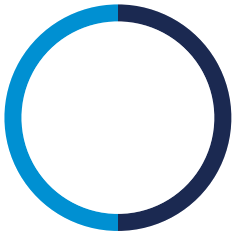
Balance of Executive and independent Non-Executive Directors



Executive	2
Non-Executive[1]	4

1 The Chairman was assessed as independent on appointment.

Gender diversity



Male	50%
Female	50%

Collective Board skills

	Financial expert	Industry expert	Risk expert
Richard Elsy CBE		✓	✓
Dr James Routh		✓	✓
Sarah Matthews-DeMers	✓	✓	✓
Richard Hickinbotham	✓	✓	✓
Louise Evans	✓	✓	✓
Julie Armstrong		✓	✓

Financial expert   Industry expert   Risk expert

R N S

Richard Elsy CBE

Non-Executive Chairman

Appointments:
Joined the Board as Non-Executive Director on 1 August 2020.

Non-Executive Chairman (assessed as independent on appointment) and Chair of the Nomination Committee from 1 July 2021.

Skills and experience:
Richard is a career veteran from the automotive industry, with the bulk of his time spent at Land Rover and then Jaguar, where he was Engineering Director. He was Chief Executive of Torotrak plc, and was the founding CEO of the High Value Manufacturing Catapult, which he built into Europe's largest advanced manufacturing research institution.

In 2020, Richard chaired the Ventilator Challenge UK Consortium, an extraordinary programme to repurpose the automotive, motorsport and aero industries to build thousands of complex medical devices in a matter of a few weeks in response to the pandemic crisis.

Number of Board meetings attended:
7/7

External appointments:
Richard is Non-Executive Director of AWE plc and chairs the Battery Innovation Programme for UKRI. He is a Fellow of the Royal Academy of Engineering and an honorary professor at Strathclyde University.

S

Dr James Routh

Chief Executive Officer

Appointments:
Joined the Group and was appointed to the Board as an Executive Director on 1 October 2018.

Skills and experience:
James brings significant engineering and management leadership experience gained across international businesses. Prior to joining the Group, James was Group Managing Director at FTSE 100 listed Diploma PLC for six years where he delivered a series of successful international acquisitions. His previous career involved engineering leadership positions predominantly in the aerospace and defence industry, including senior roles at Chemring Group PLC and Cobham PLC. James holds a PhD in Engineering and is a Chartered Mechanical Engineer and Fellow of the Institution of Mechanical Engineers. James will stand down from the Board on 30 November 2025 and leave the Group on 31 December 2025.

Number of Board meetings attended:
7/7

External appointments:
James is Non-Executive Director and Senior Independent Director at Tracsis plc.

Board of Directors continued

Sarah Matthews-DeMers

Chief Financial Officer and Chief Executive Officer designate

Appointments:
Joined the Group and was appointed to the Board as an Executive Director on 4 November 2019.

Skills and experience:
Sarah has extensive experience of financial management in public company environments, investor relations and strategic development. Previous roles include Group Finance Director of Carclo plc and Director of Strategy at Rotork plc where she led a wide-reaching strategic review. Prior to this she was Deputy Group Finance Director at Avon Rubber plc, being part of the senior management team during a period of significant transformation. She began her career at PwC, working with many international manufacturing and technology companies. Sarah is a Chartered Accountant and Fellow of the ICAEW with a first class degree in Accountancy Studies.

Sarah will become the Group's Chief Executive Officer on 1 December 2025.

Number of Board meetings attended:
7/7

External appointments:
Council Member, University of Exeter.

A R N

Richard Hickinbotham

Non-Executive Director (Independent)

Appointments:
Joined the Board as a Non-Executive Director on 9 August 2017.

Chair of the Remuneration Committee.

Skills and experience:
Richard holds a BSc in Mechanical Engineering from Imperial College and is a Chartered Accountant with over 30 years' City experience. He was Head of Research at Singer Capital Markets and was previously in research management roles at Cantor Fitzgerald Europe and Charles Stanley Securities. He has held several senior positions at Investec and S G Warburg & Co. (acquired by UBS).

Number of Board meetings attended:
7/7

External appointments:
Richard is Non-Executive Chair of Directa Plus Plc.

A R N S

Louise Evans

Non-Executive Director (Independent)

Appointments:
Joined the Board and appointed Chair of the Audit and Risk Committee on 6 April 2020.

Chair of the Sustainability Committee.

Skills and experience:
A qualified Chartered Accountant, Louise was previously Group Finance Director of Williams Grand Prix Holdings plc and Braemar Shipping Services plc and Non-Executive Director of SCB Brokers SA.

Number of Board meetings attended:
7/7

External appointments:
Louise is the Senior Independent Director and Chair of the Audit Committee of Gooch & Housego plc, Non-Executive Director of the International Foundation for Aids to Navigation and Non-Executive Director of World Rugby.

A R N S

Julie Armstrong

Non-Executive Director (Independent)

Appointments:
Joined the Board and appointed as a member of all of the Board's Committees on 14 May 2025.

Skills and experience:
Julie is the Chief People Officer of SIG plc, the FTSE listed supplier of specialist insulation and building products to customers across Europe. In her career, Julie has held senior HR positions across a range of sectors including telecoms, retail, financial services, aerospace and travel businesses.

Number of Board meetings attended:
2/2

External appointments:
Julie is a Director of the SIG Group Life Assurance Scheme Trustees Limited.

A Audit and Risk Committee
R Remuneration Committee
N Nomination Committee
S Sustainability Committee
Committee Chair

Executive Committee

A balance of skills

The Executive Committee (Excom) oversees the delivery of the Group's strategy, monitors the operational and financial performance of the business, allocates resources across the Group, manages risk and implements the Group's governance policies.

The members of the Committee include the Executive Directors, the Group President – Testing Products, the Managing Director – Testing Services, the Group President – Simulation, the Group Corporate Development Director, the Group Business Development Director and the Managing Director – ABD Solutions.

Other individuals may be invited to attend Excom meetings as required.

Dr James Routh
Chief Executive Officer

Sarah Matthews-DeMers
Chief Financial Officer and
Chief Executive Officer designate

SEE PAGES 64 AND 65 FOR BIOGRAPHIES

"The Executive Committee enables the execution of the Group's strategy through running the day-to-day operations of the business."

Executive Committee continued

Andrew Ng

Group President – Testing Products

Appointments:
Joined the Group on 1 October 2021.

Skills and experience:
Andrew brings global senior management leadership and global commercial experience. Prior to joining the Group, Andrew was Group Managing Director – APAC at FTSE 100 listed Diploma PLC for four years, Managing Director – Australia for FTSE 250 listed Fenner plc for ten years and held International Sales and Business Development roles at NZ50 listed Skellerup for twelve years. Andrew has a BAS in Materials Science from the University of Technology, Sydney, and an MBA from Macquarie University, Sydney, Australia.

Dan Clark

Group President – Simulation

Appointments:
Joined the Group on 13 June 2022.

Skills and experience:
Dan has gained significant experience from a career in highly technical and commercially demanding environments in aerospace and defence engineering services and product development. Prior to joining the Group, Dan was the Managing Director of Stirling Dynamics and Vice President of the Expleo Group. Dan has a master's degree in Mechanical Engineering from the University of Bath and is a Chartered Engineer with the Institution of Mechanical Engineers.

Neil Carpenter

Managing Director – Testing Services

Appointments:
Joined the Group on 1 June 2024.

Skills and experience:
Neil has held various executive leadership roles within the automotive industry with experience in application engineering, systems engineering, project management, sales, business development and general management. Prior to joining the Group Neil was the Vice President – Customer Business Unit at Motherson and Global Director of Sales at Continental. Neil received his MBA from Central Michigan University and his Bachelor of Science in Mechanical Engineering from Kettering University.

Matthew Price

Group Corporate Development Director

Appointments:
Joined the Group on 1 January 2020.

Skills and experience:
Matthew brings extensive international engineering, management leadership and operational experience gained across a broad range of industry sectors. Prior to joining the Group Matthew was Head of Aerospace Aftermarket Services for Atkins. His previous roles included senior positions at Ford, GKN and Airbus. Matthew is a Chartered Aerospace Engineer and Fellow of the Royal Aeronautical Society.

Ben Russell

Group Business Development Director

Appointments:
Joined the Group on 1 November 2024.

Skills and experience:
Ben has extensive experience across the automotive, energy and advanced mobility sectors. His career spans senior roles at TAE Power Solutions, Sprint Power, BP, Prodrive and Ricardo, where he delivered transformative solutions in energy storage, wireless charging and electrification. He holds a first class honours degree in Automotive Technology.

Rory Grunerud

Managing Director – ABD Solutions

Appointments:
Joined the Group on 18 September 2024.

Skills and experience:
Rory is a mining engineer with significant global mining and industrial experience. He is focused on the retrofit autonomy business, delivering vehicle and equipment automation, AI-enabled sensing and simulation-led engineering. Prior to joining the Group he held senior roles at Anglo American, Newmont, Goldcorp and BHP. A professional engineer (P.Eng, Canada) and Chartered Environmentalist (CEnv, UK), he is an elected member of the Board for the Society for the Environment.

Statement of corporate governance

SUMMARY OF COMPLIANCE WITH THE QCA CORPORATE GOVERNANCE CODE 2023 (THE QCA CODE)

Principle 1

Establish a purpose, strategy and business model which promote long-term value for shareholders.

Purpose:
The Group's purpose is to accelerate our customers' drive towards net zero emissions, improving road safety and the automation of vehicle applications through leadership and innovation in engineering and technology.

Strategy:
The Group's strategy begins with its strategic objectives which are centred around the topics of: product and innovation; capability and capacity; acquisitive growth; service and support; international footprint and diversification. More information on our strategy can be found in our Strategic report on page 13 of the Annual Report FY 2025.

Business model:
The Group's business model comprising its key inputs, focus on customers' requirements and our growth drivers (and further information about our business model) is set out in our Strategic report on pages 16 to 17 of the Annual Report FY 2025.

Principle 2

Promote a corporate culture that is based on ethical values and behaviours.

Group values:
Our Group's vision and values underpin the Group's strategy, processes and culture. Our key values are: customers; people; diversity; innovation; excellence and responsibility, which ensure that our behaviours, culture and personal values align with those of the business and enable us to drive the strategy forward. Values were introduced as part of our performance appraisal process in FY 2024 and managers are encouraged to discuss these with employees. To read more about our values please see page 36 of the Annual Report FY 2025.

Health and Safety:
We believe that a focus on safety is essential to delivering a high-performing, open and constructive safety culture. The Group is committed to continuous improvement in health and safety performance, which is a standing item at every Board meeting. The Board is committed to maintaining a strong safety culture across the Group. To read more about our values please see page 36 of the Annual Report FY 2025.

Ethics and compliance:
We are committed to ensuring that the behaviours and practices of our organisation, including those within our supply chains, reflect our own high ethical standards and compliance with applicable laws and standards. We strive to conduct business honestly, openly and with integrity, as this approach will support our long-term success and sustainability. We hold our leaders accountable for ensuring their businesses operate according to the strict ethical standards we expect. We have in place a series of Group policies forming a global subsidiary governance framework to guide our actions and those of our employees, suppliers and partners to ensure good governance and ethical behaviour across our Group. These policies include human rights, anti-bribery and corruption, modern slavery, conflicts of interest, competition and anti-trust. These policies are reviewed annually and can be located on our website (www.abdplc.com).

Principle 3

Seek to understand and meet shareholder needs and expectations.

The Group seeks an open and transparent dialogue with shareholders with the desire to hear shareholders' views on the performance of the Group and to understand shareholders' objectives and expectations.

The Group maintains regular contact with its major shareholders and is committed to communicating openly with shareholders through announcements made via RNS and presentations to institutional shareholders, private client brokers and investment analysts. Meetings and site visits are regularly held with existing and prospective investors. Shareholder feedback is discussed at Board meetings. For further and more detailed explanations of how the Group applies Principle 3, see our commentary on the Group's Section 172(1) responsibilities on pages 54 and 55 of the Annual Report FY 2025 and the Statement of corporate governance on pages 68 to 78 of the Annual Report FY 2025.

Principle 4

Take into account wider stakeholder interests, including social responsibilities and their implications for long-term success.

Social engagement and the Group's responsibilities to the communities within which we operate is one of the pillars of our sustainability strategy. Our duties to our internal and external stakeholders remain key to our Group's success. We summarise the Group's community activities and general corporate social responsibilities on pages 35 to 39.

Principle 5

Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation.

The Group has implemented a risk management framework and management structure that ensure risks are identified, assessed and mitigated wherever possible. The Board has overall responsibility for the management and maintenance of systems and processes to manage risk and ensure delivery of our strategic priorities.

The Audit and Risk Committee has responsibility for reviewing the effectiveness of the risk management framework and internal controls and ensures that the Group is in full compliance with the relevant regulations and laws, supported by the Company Secretary. Executive Directors have responsibility for overall management and delivery of the strategy, considering the risk environment and regular review of the risk management framework.

For further and more detailed explanations of how the Group applies Principle 5, see Principal risks and uncertainties on pages 58 to 60.

Principle 6

Establish and maintain the Board as a well-functioning, balanced team led by the Chairman.

The Board is supported by its Committees – Audit and Risk, Nomination, Sustainability and Remuneration – each of which is chaired by an independent Non-Executive Director with relevant expertise. The Board and Committees were well attended by all Board members during the year. The Nomination Committee is satisfied that each Director commits the time necessary to fulfil their roles effectively. For further and more detailed explanations of how the Group applies Principle 6, see the Statement of corporate governance on pages 68 to 78.

Statement of corporate governance continued

SUMMARY OF COMPLIANCE WITH THE QCA CORPORATE GOVERNANCE CODE 2023 (THE QCA CODE) CONTINUED

Principle 7

Maintain appropriate governance structures and ensure that, individually and collectively, Directors have necessary up-to-date experience, skills and capabilities.

The Board is responsible to the Group's shareholders and sets the Group's strategy for achieving long-term success in accordance with our purposes and values. The Board is also ultimately responsible for establishing the Group's governance structure, the effectiveness of our internal controls, risk management, and the direction of the Group to help deliver our strategy. The Governance framework is set out on pages 70 to 73 of the Annual Report FY 2025.

The Directors ensure that they maintain their skills and capabilities partly through annual updates by the Group's legal advisers Pinsent Masons, and regular meetings with the Group's auditor Crowe UK LLP. The Board actively seeks information to support the Group's strategic objectives. More details of the Board's activities are set out on pages 72 and 73 of the Annual Report FY 2025.

The composition of the Board is monitored by the Nomination Committee. The Board is satisfied that the Directors have a blend of skills, experience, knowledge and independence suited to the Group's needs and its continuing development. Information on the Directors' range of skills including details of their technical and/or financial experience and expertise can be found on pages 64 and 65.

Principle 8

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.

The Board and its Committees review their skills, experience, independence and knowledge to enable the discharge of their duties and responsibilities effectively. This year the Board conducted an external Board performance review. For further and more detailed explanations of how the Group applies Principle 8, see our Statement of corporate governance on pages 68 to 78 of the Annual Report FY 2025.

Principle 9

Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture.

The Remuneration Committee makes recommendations to the Board, within its agreed terms of reference, on the structure and quantum of the remuneration packages for Executive Directors and reviews the remuneration for senior management. The Committee consists entirely of Non-Executive Directors. The Remuneration Committee recommends to the Board a Remuneration Policy for the remuneration of the Chairman, Non-Executive Directors, Executive Directors and other senior management including terms and conditions to be included in service agreements, termination payments and compensation commitments and the approval of incentive schemes (and the performance conditions to be used for such schemes including share performance targets).

The Company's Remuneration policy is designed to align with the Company's strategy, purpose and vision and recognises the experience of the leadership team which continues to lead the transformation of the Company and facilitate new opportunities for shareholders and other stakeholders. The Directors' remuneration report provides information on the link between the Group's strategy and remuneration outcomes for the Executive Directors.

The Company utilises FIT Remuneration Consultants to advise on remuneration matters. FIT is a member and signatory of the Remuneration Consultants Group and voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK, details of which can be found at www.remunerationconsultantsgroup.com. The Remuneration Committee's report in the Company's Annual Report presents the Directors' Remuneration Policy and the Annual Report on Remuneration (both a review of the operation of the Remuneration Policy for the preceding year and a statement of how it intends to operate the Policy going forward).

Principle 10

Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

Engagement with our stakeholders is key to a successful business and is an ongoing part of managing our business. How the Board remains informed of this engagement and a statement summarising the effects of its consideration of stakeholder interests and the details of the principal decisions taken by the Board during the financial year can be found on page 78. For further and more detailed explanations of how the Group maintains a dialogue with its shareholders and other relevant stakeholders, refer to the Company's Section 172(1) statement on pages 54 and 55.

FURTHER INFORMATION ON THE GROUP'S COMPLIANCE WITH THE QCA CODE CAN BE FOUND ON THE GROUP'S WEBSITE, WWW.ABDPLC.COM, ON THE AIM RULE 26 WEBPAGE

Statement of corporate governance continued

Governance framework

Board

The Board of Directors (the Board) is collectively responsible to the Group's shareholders for the long-term success of the Group. This responsibility includes matters of strategy, performance, resources, standards of conduct and accountability as well as having regard for our employees, customers and suppliers and the impact of our activities on both the environment and the communities in which we operate. The Board also has ultimate responsibility for corporate governance, which it discharges either directly or through its Committees. The Board delegates certain responsibilities to the Board's Committees outlined below, whilst maintaining an appropriate level of oversight through regular reports from Committee Chairs. The matters reserved for the Board can be found on the Group's website at www.abdplc.com/about/corporate-governance.

The Board's role is to:

- Determine the Group's overall strategy and direction
- Ensure appropriate adherence to health and safety requirements and promote an appropriate safety culture
- Establish and maintain controls, audit processes and risk management policies to ensure they mitigate identified risks and that the Group operates efficiently
- Approve budgets and review performance relative to those budgets and approve the financial statements
- Approve material agreements and non-recurring projects
- Approve Board appointments
- Review and approve Group-wide remuneration policies and executive remuneration
- Ensure effective communication with shareholders and other key stakeholders
- Promote a corporate culture based on sound ethical values and behaviours

Committees

Certain matters are delegated to the Board's four Committees (Nomination, Audit and Risk, Remuneration and Sustainability), which will consider and manage them in accordance with their terms of reference.

Nomination Committee	Audit and Risk Committee	Remuneration Committee	Sustainability Committee
• Board and Committee composition • Succession planning • Board diversity • Executive and Non-Executive Board appointments and strategy	• External audit • Financial reporting • Risk management and internal controls • Internal audit	• Remuneration policy • Remuneration principles • Incentive scheme design and setting of targets • Executive and senior management remuneration	• Environmental policy • Diversity and inclusion • People and talent • CSR and community engagement • Ethical, diverse and robust supply chains
READ MORE ON PAGES 79 AND 80	READ MORE ON PAGES 81 AND 82	READ MORE ON PAGES 84 TO 91	READ MORE ON PAGE 83

Statement of corporate governance continued

Governance framework continued

Division of responsibilities

The Group strives for a clear division of responsibilities and the table below outlines the Directors' roles and remits. The majority of the Board is comprised of independent Non-Executive Directors (the Chairman being assessed as independent upon appointment). Further information on the Directors' range of skills including details of their technical and/or financial experience and expertise can be found on pages 64 and 65.

Chairman	Chief Executive Officer	Chief Financial Officer	Independent Non-Executive Directors
• Responsible for the leadership and overall effectiveness of the Board and for ensuring appropriate strategic focus and direction • Provides leadership to the Board, setting the agenda, style and tone of Board discussions to promote constructive debate and challenge between the Executive and Non-Executive Directors • Ensures that there is a good information flow to the Board, and from the Board to its key stakeholders • Supports and advises the Chief Executive Officer, particularly on the development of strategy • Demonstrates ethical leadership and promotes the highest standards of integrity throughout the business • Ensures effective operation of the Board's Committees	• Provides the day-to-day leadership of the Group • Responsible for developing and defining strategic proposals for recommendation to the Board and the subsequent implementation of the agreed strategy • Accountable for business performance • Responsible for developing an organisational structure, and establishing processes and systems to ensure that the Group has the capabilities and resources required to achieve its plans • Maintains a dialogue with the Chairman on all important matters and strategic issues facing the Group • Ensures that there is an effective framework of internal controls, including risk management, covering all business activities • Oversees the application of Group policies and governance procedures • Ensures that the Board is fully informed of all key matters • Develops and promotes effective communication with shareholders and other key stakeholders	• Oversees the financial delivery and performance of the Group and provides insightful financial analysis that informs key decision making • Leads investor relations activities and communication with investors alongside the Chief Executive Officer • Works with the Chief Executive Officer to develop budgets and medium-term plans to support the agreed strategy • Supports the Chief Executive Officer in developing and implementing strategy, allocating resources across the Group and managing risk	• Bring external perspectives and insight to the deliberations of the Board and its Committees • Provide a range of knowledge and business experience from different sectors and undertakings (see their biographies on pages 64 and 65) • Assist in the formulation and progression of the Board's agreed strategy and monitor the performance of the Executive management in the implementation of this strategy • Constructively challenge management and decisions taken at Board level • Oversee the performance of management in meeting agreed goals • Support the Chairman and Executive Directors to instil an appropriate culture, values and behaviours in the boardroom and across the Group • Challenge the adequacy and quality of information received prior to Board meetings

Executive Committee

The Executive Committee comprises the Group's senior leadership below Board level and assists the Executive Directors in facilitating the execution of the strategy.

Statement of corporate governance continued

Governance framework continued

Board and Committee attendance record

Member	Independence	Board[1]	AGM	Strategy day	Audit and Risk	Remuneration	Nomination	Sustainability
Executive								
Dr James Routh	N	7/7	Yes	1/1	N/A	N/A	N/A	4/4
Sarah Matthews-DeMers	N	7/7	Yes	1/1	N/A	N/A	N/A	N/A
Non-Executive								
Richard Elsy CBE	Y[2]	7/7	Yes	1/1	N/A	4/4	2/2	4/4
Julie Armstrong[3]	Y	2/2[3]	N/A[3]	N/A[3]	1/1[3]	2/2[3]	1/1[3]	1/1[3]
Richard Hickinbotham	Y	7/7	Yes	1/1	3/3	4/4	2/2	N/A
Louise Evans	Y	7/7	Yes	1/1	3/3	4/4	2/2	4/4

1 The table shows attendance at full Board meetings only. Sub-Committees of the Board were convened with the authorisation of the Board throughout the course of the year for transactional activities.

2 Richard Elsy CBE was considered independent at the time of his appointment as Chairman.

3 Julie Armstrong was appointed as a Non-Executive Director with effect from 14 May 2025 and the attendance record above reflects her attendance at all the Board and Committee meetings for the duration of her tenure during the year.

Effectiveness

For the Directors to effectively perform their responsibilities as set out in the matters reserved for the Board below, the Board meets at least seven times each financial year. The Board and Committees also meet on an ad-hoc basis when required by business priorities. In addition, the Board attends a strategy day at the beginning of each calendar year to discuss in depth the Group's strategic direction. Details of the Directors' attendance at scheduled meetings are shown above.

Richard Elsy CBE, Non-Executive Director, was considered independent on his appointment as Chairman. Louise Evans, Julie Armstrong and Richard Hickinbotham, as Non-Executive Directors, are independent of the Executives and are free to exercise independence of judgement. Richard Hickinbotham has the longest tenure of the Non-Executive Directors at just over eight years. The Board does not believe any of our Non-Executives have formed associations with management or others that may compromise their ability to exercise independent judgement or act in the best interests of the Group. The Board is satisfied that no conflict of interest exists for any Director.

Time commitments of the Non-Executive Directors

All Non-Executive Directors have been advised of the time required to fulfil their role and remit prior to their appointment and this requirement is included in their letters of appointment. The Nomination Committee reviews the time commitments of the Non-Executive Directors on an annual basis and is satisfied that the Chairman and each of the independent Non-Executive Directors can devote sufficient time to the Group's business.

Matters reserved for the Board

Matters reserved for the Board include, but are not limited to:

- Strategy and management, including responsibility for the overall leadership of the Group, setting the Group's values and standards, and overview of the Group's operational management
- Structure and capital, including changes relating to the Group's capital structure and major changes to the Group's corporate structure, including acquisitions and disposals, and changes to the Group's management and control structure
- Financial reporting, including the approval of the Annual Report and Accounts, half-year report, trading statements, preliminary announcement for the results and dividend, treasury and accounting policies
- Internal controls, ensuring that the Group manages risk effectively by approving its risk appetite and monitoring aggregate risk exposures
- Contracts, including approval of all major capital projects and major investments
- Ensuring satisfactory communication with the Group's stakeholders, including its shareholders
- Board membership and other appointments, including changes to the structure, size and composition of the Board, and succession planning for the Board and senior management
- Ensure appropriate adherence to health and safety requirements and to promote an appropriate safety culture
- Promote a corporate culture based on sound ethical values and behaviours

Activities of the Board

The Group's governance framework is set out on pages 70 to 73. The core activities and calendar of the Board and its Committees are planned on an annual basis and this framework forms the structure within which the Board operates.

Statement of corporate governance continued

Governance framework continued

Activities of the Board continued

Key considerations	Key activities	In practice
Strategy	• Annual strategy day (March 2025) to discuss the future strategic direction of the Group • Assessment of the Group's performance against previously agreed strategic objectives • Review of the CEO's proposals for the strategic future of the Group	The Board considered and agreed (in principle) to the CEO's proposals for the following: • M&A strategy • Sales and marketing capability, including development of channels to market • Leadership requirements, including leadership in operational excellence supported by recruitment activity • Organisational design and structure review • Product and technology development • Enhanced systems and processes to support the Group's growth
Finance	• Approval of the Group's budget for the financial year ending 31 August 2026 and three-year plan • ERP implementation activities • Continuation of Crowe UK LLP as the Group's external auditor • Integration of Bolab	The Board debated the risks and benefits of the current dividend policy, including the options available in light of an uncertain economic environment and continued exposure to geopolitical uncertainty. It concluded that the total dividend for the year should be 9.16p. The Board reviewed the strategy for capital allocation and confirmed the priorities as organic investments, implementing acquisitions and a progressive dividend policy. The Board continued to appoint Crowe UK LLP as the Group's external auditor.
Risk and compliance	• Annual review of the Group's strategic risk register • Continuation of due diligence on third party suppliers and agents • Review of Group-wide policies • Review of Group-wide insurance coverage • Maintenance of the Group's whistleblowing platform	The Board continues to receive information to assess and mitigate risks associated with ongoing geopolitical conflicts. The Board was updated by the CEO about the Group's progress to de-risk its supply chain and improve its diversification of suppliers of its key components. The Board received no new whistleblowing issues in FY 2025 and two whistleblowing cases which had been reported in our previous financial year, and remained open, were resolved without the need for further action.
People and culture	• Professional Development Programme • Group CSR maintained • Review of current structure of the Group • Real Living Wage accreditation • Site visits to the USA	The Group completed a further year of its career development programme including a Professional Development Programme for emerging leaders with participants from across the Group's business units. The Group will continue with the Professional Development Programme with new participants within the Group. The Group maintained the operation of its CSR criteria, underpinned by its corporate values, to ensure that its CSR activities enhance the links to the Group's local communities. All four UK legal trading entities within the Group maintained their accreditation as Real Living Wage employers. The Group's Board undertook a visit to the Group's businesses in the USA, these site visits took place in California and Michigan.
Governance	• The Group achieved an MSCI AAA ESG rating • Stakeholder engagement • Internal Board performance review • TISAX accreditation	The Group achieved an MSCI AAA ESG rating, placing the Group in the top 6% of MSCI's ACWI Index for Auto Components. Our Net Zero Working Group pursues the Group's targets of becoming net zero for market based Scope 1 and 2 emissions by 2040 and to be a net zero organisation by 2050. During the year we continued a project with our external advisers, Auditel, to better understand our Scope 3 baseline carbon footprint, and continued to collect data for all material categories for the UK part of our business. The Group has also continued to identify and implement initiatives to reduce our carbon emissions where possible, with the assistance of Auditel. An external Board performance review was conducted during the year and the Board approved and is implementing the development points highlighted. Please refer to page 74 for more information. Four of the Group's entities achieved the TISAX accreditation, to bring the total number of entities within the Group to have achieved this accreditation to five.

Focus for 2026 – The Board will focus on succession planning, diversification and sustainability initiatives.

Statement of corporate governance

Board meetings

During the period, the Board convened formally on seven occasions. The Board retains the services of a Company Secretary and receives its information on a secure platform, Board Intelligence. The routine Board and Committee papers are distributed seven days in advance of the scheduled meetings (a minority of papers may be circulated nearer to the time of a meeting on an exceptional basis).

Any Director can challenge proposals, with decisions reached after open discussions. Any Director can ask for a concern to be noted in the minutes of the meeting which are circulated to all Directors. Specific actions arising from meetings are agreed by the Board or relevant Committee and then followed up by management. The Board is supported by the Audit and Risk, Remuneration, Nomination and Sustainability Committees, each of which has access to information, resources and advice that it deems necessary, at the Group's cost, to enable each Committee to discharge its duties.

The Chairman also meets separately with Non-Executive Directors, without Executive Directors or other managers present. Debate and discussion at Board and Committee meetings are encouraged to be open, challenging and constructive.

Board composition

As at 31 August 2025, the Board comprised a Non-Executive Chairman (who was deemed independent upon appointment), two Executive Directors and three independent Non-Executive Directors. A biography of each Director in office at the end of the year is set out on pages 64 and 65.

The composition of the Board is monitored by the Nomination Committee. The Board remains satisfied that each Director, whether Executive or Non-Executive, has the necessary time to devote to their role to effectively discharge their responsibilities and that, between them, the Directors have a blend of skills, experience, knowledge and independence suited to the Group's needs and its continuing development. The Board is also assured that it has a suitable balance between independence and knowledge of the Group to enable it to discharge its duties and responsibilities effectively. All Directors are encouraged to use their independent judgement and constructively challenge other Directors where appropriate.

Board performance review

The Board and its Committees review their skills, experience, independence and knowledge to enable the discharge of their duties and responsibilities effectively. An external Board performance review was conducted this year in accordance with the Financial Reporting Council's Code of Governance (provision 21). In the financial year ended 31 August 2025, the Board instructed Savendie to conduct an independent evaluation of Board performance.

The review was thorough and included a review of Board and Committee papers for the previous twelve months and observation of one Board and all Committee meetings except for the Nomination Committee which did not meet during the period of the review. Individual discussions were held with all Directors, the Company Secretary, representatives from the Executive Committee and one shareholder. Progress against actions from the Board Review 2022 was considered. The review explored the effectiveness of the Board operating as a team, the nature of debate and constructive challenge in Board and Committee meetings and the combination of skills required to cover strategic challenges. Overall, the report described an effective, skilled Board with an open and honest environment which encourages constructive challenge and debate. All Directors demonstrate an interest in continuous development and actions from the Board Review 2022 had been meaningfully applied.

Some suggested forward-looking considerations include:

- How best to ensure that the Board is consistently conducting and reviewing Board work in a global Group context
- The benefit of including the Executive Committee more directly in Board work and using it as a pre-Board governance vehicle
- Continue to design ways to engage as widely as possible with employees to increase Board visibility especially outside local regions

Powers of Directors

The powers of the Directors are set out in the Group's Articles of Association (the Articles). The Board may exercise all powers conferred on it by the Articles, in accordance with the Companies Act 2006 and other applicable legislation. The Articles are available for inspection online at www.abdplc.com and can also be viewed at the Group's registered office.

Directors' inductions, training and development

The Board receives a full programme of briefings and updates annually across all areas of the Group's business from the Executive Directors, members of the Executive Committee, senior executives and advisers. In addition, training and development sessions are arranged on specific areas during the year as required. Examples of training and development in 2025 included, amongst others, sustainability, trends in corporate governance and artificial intelligence.

Any Director can request further information to support the fulfilment of their individual duties or collective Board role and, throughout the year, the Chairman maintains dialogue with individual Directors to identify any specific training requirements. Where appropriate, such training is integrated into Board meetings to ensure all Directors can benefit. Alternatively, training sessions may be conducted through formal presentations, one-on-one meetings or site visits, providing opportunities to delve deeper into specific initiatives or projects.

Risk management and internal controls

The Board is responsible for the Group's system of internal controls and for reviewing the effectiveness of that system. It is designed to manage, rather than eliminate, the risk of failure to achieve the Group's strategic objectives and can only provide reasonable but not absolute assurance against material damage, deficiency or loss. The control framework includes:

- Setting and approval of an annual budget
- Regular updates from all subsidiaries to the CEO and CFO
- Monthly business reviews by the CEO and CFO focused on business performance
- Quarterly reviews by Group finance focused on the quarter-end balance sheet
- Six-monthly confirmations from local controllers regarding operation of internal controls, results and financial position and compliance with bank requirements
- Automated controls and workflows built into the new ERP system
- Physical verification of inventory every six months

The principal risks which the Board has identified this year are set out in the section on principal risks and uncertainties on pages 58 to 60 of the Strategic report.

Statement of corporate governance continued

Delegation of authority

The Group has in place defined authorisation levels for expenditure, the placing of orders and signing authorities.

Each year on behalf of the Board, the Audit and Risk Committee reviews the effectiveness of these systems. This is achieved primarily by a comprehensive review of the risks within a business risk assessment matrix that includes both financial and non-financial issues with the potential to affect the Group, and from discussions with the external auditor.

Anti-corruption

The Group has recently reviewed its policy on anti-bribery and corruption to ensure it meets the requirements of the Bribery Act 2010 and the US Foreign Corrupt Practices Act 1977. This policy is published on the Group's website and is circulated to employees globally. Individuals receive online training on the core subject matter annually. To facilitate understanding and compliance, the policy and training are available in four languages (the key languages spoken across the Group). The Group continues to use the Dow Jones Risk Management tool for its due diligence on agents, distributors, customers and suppliers. The Dow Jones Risk and Compliance platform aids the Group's diligence on these third parties in relation to: sanctions lists, state ownership, politically exposed persons, territorial/jurisdictional risks and adverse media amongst other things, which supports the Group's anti-corruption policies and procedures.

Whistleblowing and SpeakUp Portal

The Group is committed to maintaining a culture of integrity and transparency, where honest and open communication is actively encouraged, and employees feel comfortable raising concerns.

While we operate within a robust governance framework and uphold a strong commitment to ethical conduct, we acknowledge that circumstances may arise where these standards are not met. In such instances, employees are urged to report concerns through our dedicated whistleblowing portal, SpeakUp. The SpeakUp portal is accessible 24 hours a day, 365 days of the year, via a secure web link and mobile application. Reports can be submitted in all major languages used across the Group, anonymously if preferred.

We guarantee legal protection for all whistleblowers, even where concerns prove unfounded.

All reports are investigated in accordance with the Group's whistleblowing policy and are overseen by our independent Non-Executive Directors. During FY 2025, two whistleblowing reports were received. Both were thoroughly investigated and resolved within the reporting period, with no further action required.

Diversity and equality

The Group is proud of its Board diversity with 50% female Directors and it remains committed to strengthening its diversity beyond gender to ethnic diversity, when appropriate opportunities arise. Diversity across a wide range of criteria is valued, including skills, knowledge and experience as well as neurodiversity, religion or beliefs and membership or non-membership of any trade unions. It is also committed to creating equality of opportunity where people are appointed on merit, and without any form of positive or negative discrimination. Whilst the Nomination Committee reviews the structure, size, diversity, balance and composition of the Board, the principal objective of the Nomination Committee is to ensure that all candidates are suitably qualified and experienced for the role. Additional information on diversity can be found on pages 35 and 36 in our Sustainability section.

Re-election

All Directors are subject to re-election by shareholders at the first Annual General Meeting following their appointment and annually thereafter.

Liability insurance

Each Director and Officer of the Group is covered by appropriate Directors' and Officers' liability insurance (D&O insurance) at the Group's expense in line with market practice.

The D&O insurance provides coverage for the Directors and Officers for the costs of defending themselves in legal proceedings taken against them in their capacity as a Director and in respect of damages that may result from those proceedings. The insurance does not provide coverage where the Director or Officer has committed a deliberately fraudulent or deliberately criminal act.

Professional advice

Each Director is entitled to obtain independent professional advice at the Company's expense in furtherance of their duties as a Director of AB Dynamics plc. In addition, each Committee is authorised, through its terms of reference, to seek advice at the Company's expense. The Board retains the services of a Company Secretary who is available to all Directors to provide governance advice and acts as secretary to the Board and its Committees.

Conflicts of interest

The Group has policies and procedures to appropriately manage or resolve potential or actual conflicts of interest that may arise in the business. The policies are available in four languages and apply to the Company's Directors and personnel.

All Directors are also subject to a statutory duty under the Companies Act 2006 (the Companies Act) to avoid a situation where they have, or could have, a direct or indirect interest that conflicts, or possibly could conflict, with the Company's interests. Directors of public companies may authorise conflicts and potential conflicts in accordance with the Companies Act where it is appropriate to do so and where the Articles of Association (the Articles) contain a provision to this effect. At each Board meeting, the Chairman enquires if the Directors are aware of any potential or actual conflicts of interest. It is the Board's contention that all authorisation powers are being exercised in accordance with the Companies Act and the Company's Articles.

Accountability

The Board is responsible for ensuring that the Annual Report and Accounts, taken as a whole, presents a clear, fair and balanced assessment of the Group which provides the information necessary for shareholders to assess the Group's performance, strategy and business model.

The Board receives a detailed report from the Chief Financial Officer which sets out the key matters that impact or could impact the Group's Annual Report and financial statements and highlights areas of the financial statements where it has been necessary to rely upon a significant level of subjectivity.

Statement of corporate governance continued

BOARD COMMITTEES

Audit and Risk Committee

Chaired by Louise Evans
(finance and audit expert)

Number of meetings in the year: 3

Role of the Committee

The Audit and Risk Committee is responsible for ensuring that the financial performance of the Group is reported and monitored, and for meeting the auditor and reviewing the reports from the auditor relating to accounts and internal control systems. The Audit and Risk Committee meets with the external auditor at least once a year without any Executive Directors being present. The Committee also confirms the independence and effectiveness of the external auditor. The Committee is also responsible for the review and management of the Group's risk management framework. This year the Committee continued to appoint Crowe UK LLP as the external auditor to the Group.

Nomination Committee

Chaired by Richard Elsy CBE
(industry expert)

Number of meetings in the year: 2

Role of the Committee

The Nomination Committee is responsible for recommendations to the Board for the appointment of additional Directors or replacement of current Directors. The Committee reviews the structure, size and composition of the Board and its Committees and also considers succession planning for the Board and the Executive Committee. The Committee is also responsible for the annual Board performance review and makes recommendations to the Board in respect of development areas to continuously improve the effectiveness of the Board and its Committees. This year the Committee approved the appointment of Julie Armstrong as a Non-Executive Director and commenced the search for a new Chief Executive Officer.

Remuneration Committee

Chaired by Richard Hickinbotham
(industry and finance expert)

Number of meetings in the year: 4

Role of the Committee

The Remuneration Committee reviews the performance of the Executive Directors and sets and reviews the scale and structure of their remuneration and the terms of their service agreements with due regard to the interests of the shareholders. In determining the remuneration of Executive Directors, the Remuneration Committee seeks to enable the Group to attract and retain Executives of high calibre. No Director is permitted to participate in discussions or decisions concerning his or her own remuneration. The Remuneration Committee meets as and when necessary. This year the Remuneration Committee continued to be advised by FIT Remuneration Consultants. The Committee reviewed the Group's Executive Remuneration policy, oversaw the award of Executive bonuses (and the allocation of a percentage of these bonuses to be awarded as shares), and authorised the award of an LTIP to the Executive and senior leadership of the organisation.

Sustainability Committee

Chaired by Louise Evans
(finance and audit expert)

Number of meetings in the year: 4

Role of the Committee

The aim of the Committee is to further the sustainability of the Group, promote the continuous improvement of the Group's sustainability management and performance and promote and enhance the Group's sustainability work to ensure it receives due attention and acknowledgement, enabling the Group to become a sustainability leader in our selected industries. This year, the Sustainability Committee continued to be advised by Auditel, a leading cost, procurement and carbon solutions company, to assist with our net zero journey.

Statement of corporate governance continued

Stakeholder engagement

Consideration of all our stakeholders

See our report on Section 172(1) stakeholder engagement on pages 54 and 55 for details of how the Group engages with its stakeholders.

Our stakeholders	How the Board and Committees are kept informed
Customers	• The Board reviews the Group's engagement with significant customers and regularly discusses the contractual requirements of the larger or more complex contracts
Industry bodies	• The Sustainability Committee receives information regarding industry bodies with which our subsidiaries are engaged. This year, the Committee intends to formalise this review to be able to give further direction to the business regarding with whom they should engage and at what level
Investors	• The CEO and CFO engage with major shareholders and potential investors directly and indirectly throughout the year, and provide regular and detailed feedback to the Board after each consultation • The Company's Executive and Non-Executive Directors are given regular updates as to the views of institutional shareholders and changes to significant shareholdings through research carried out quarterly by the Group's brokers and adviser • The Company's AGM is an opportunity for all shareholders to meet and question the Directors. Please refer to the Notice of the AGM 2026 on pages 131 to 135 • The Board receives feedback from investors after the full and half-year results announcements from the Executive team
Employees	• The Sustainability Committee receives updates from Human Resources regarding employee engagement • The results from any employee engagement surveys are shared with the Board • The Chairman and Non-Executive Directors have engaged directly with employees at several levels of seniority providing an opportunity to receive direct feedback
Supply chains	• The Board receives reports from the businesses to update on performance of major suppliers, highlighting risks (and their proposed mitigations)
Communities	• The Company's engagement with the communities is reviewed annually by the Sustainability Committee • CSR criteria is reviewed annually by the Sustainability Committee • The Board receives updates on CSR initiatives

Statement of corporate governance continued

Stakeholder engagement continued

Consideration of all our stakeholders continued

We consider all stakeholders when formulating the Group's strategy and business model. More information on how stakeholder interests have influenced the Board's decision making this year is included below.

Key decisions and discussions	Stakeholders	How the Board considered stakeholders during the year	Annual Report sections
CSR criteria review	• Employees • Customers • Society	Led by the Sustainability Committee, the Group's HR team and the emerging leaders from across the business reviewed the Group's CSR criteria to strengthen and deepen the Group's relationships with the communities it serves. The Group employee volunteering policy was maintained for all employees to take up two paid volunteering days p.a.	For more information on the Group's CSR criteria, refer to page 39 of the Sustainability section
Capital allocation	• Shareholders • Employees • Customers • Society	During the year, the Group acquired Bolab Systems GmbH (Bolab). An acquisition of this type impacts on a number of our stakeholders. The strengthening of our Testing Products segment is seen as beneficial to our shareholders as we increase our market presence. We welcomed new employees to our Group and offer our existing employees the opportunity to exchange best practices with Bolab. Our breadth of products has expanded, which offers our customers more choice from our Group. The Board also considered the priorities for capital allocation and agreed that these should remain unchanged, being organic investment in the core business, acquisitions and dividends.	
Growth of a sustainability agenda led by the Sustainability Committee	• Shareholders • Employees • Customers • Society	The Sustainability Committee has continued to progress the Group's sustainability agenda. The Sustainability Committee has continued its focus on reductions in our CO_2 emissions, waste and water usage and data collection to accurately measure our use of resources. Our Net Zero Working Group pursues the Group's targets of becoming net zero for market based Scope 1 and 2 emissions by 2040 and to be a net zero organisation by 2050. During the year we continued a project with our external advisers, Auditel, to better understand our Scope 3 baseline carbon footprint, and continued to collect data for all material categories for the UK part of our business. The Group has also continued to identify and implement initiatives to reduce our carbon emissions where possible, with the assistance of Auditel. The Group achieved an MSCI AAA rating in the financial year ended 31 August 2025. For more information, please refer to our Sustainability section on pages 31 to 47.	See page 83 for more information regarding the activities of the Sustainability Committee

Nomination Committee report

Maintaining a balance of skills and experience

Nomination Committee members

- Richard Elsy CBE (Chairman)
- Richard Hickinbotham
- Louise Evans
- Julie Armstrong

Meetings

2

Key activities for the year

- Selection process to recruit an additional Non-Executive Director completed with the appointment of Julie Armstrong
- The appointment of a new Chief Executive Officer
- External Board performance review
- Succession planning was reviewed and discussed during the year
- The composition of the Board and its Committees was reviewed and considered appropriate

Dear shareholders,

I am pleased to present the Nomination Committee's report for the year ended 31 August 2025.

Membership of the Committee

The Nomination Committee's key role is to ensure that the Board has the appropriate skills, knowledge and experience to operate effectively and deliver the Group's strategy. We were delighted to welcome Julie Armstrong who joined the Committee this year. All members are considered to be independent Non-Executive Directors. I chair the Committee but will not do so where the Committee is dealing with my own re-appointment or my replacement as Chairman of the Board. The Company Secretary acts as secretary to the Committee. Details of attendance of members of the Committee at the two meetings held during the year are shown on page 72.

Meetings of the Committee are attended, at the invitation of the Chairman, by the Chief Executive Officer and the Chief Financial Officer when considered appropriate. Members of the Committee do not participate in any discussions relating to their own appointment or replacement.

Responsibilities

The Committee's key responsibilities are:

- To review the size, structure, composition and independence of the Board and its Committees
- To make recommendations to the Board for the appointment of new Executive and Non-Executive Directors and their re-appointment following retirement by rotation
- To manage the search for and selection of suitable candidates for the appointment or replacement of Directors
- To consider succession planning for all Group Directors taking into account the challenges and opportunities facing the Group
- To keep under review the time commitment of Non-Executive Directors and external appointments of Board members
- To implement, review and respond to the results of Board performance reviews

The Committee remains focused on ensuring the Group benefits from strong leadership and that the Board continues to operate in an open and transparent manner. In considering changes to the Board and its Committees, the Nomination Committee is focused on the recruitment of the best available talent based on merit and assessed against a set of objective criteria of skills, knowledge and experience. Diversity and gender inclusiveness span the whole Group and are important and enduring considerations in the search for and selection of new Board members.

Nomination Committee report continued

Board composition

The Committee regularly reviews the composition and balance of the Board and its Committees, and considers Non-Executive Directors' independence, whether the balance between Non-Executive and Executive Directors remains appropriate, and whether the Board has the requisite skills and experience to oversee the delivery of the agreed strategy for the Group.

As announced in this report last year, the Nomination Committee will continue the process to secure a further Non-Executive over the coming year. Our focus remains predominantly on the quality of candidates and the right cultural fit with the Board and we recognise that the right people may not be immediately available. By adopting a measured timing approach to our recruitment, we feel that we will have an advantage in the market.

Following a thorough selection process, we were joined by Julie Armstrong as Non-Executive Director in May 2025. Julie is the Chief People Officer of SIG plc and during her career Julie has held senior HR positions across a range of sectors including telecoms, retail, financial services, aerospace and travel businesses which will bring hugely valuable and relevant skills to the Group to support our strategic growth plan.

Chief Executive Officer appointment

On 8 July 2025 the Group announced that after seven years as Chief Executive Officer, Dr James Routh has informed the Board of his decision to leave the Group to take up the role of Chief Executive Officer of Victrex plc. James will stand down as a Director on 30 November 2025 and leave the Group on 31 December 2025.

The Nomination Committee engaged Korn Ferry to undertake a search for suitable candidates to succeed James. After completing a rigorous search process, on 21 October 2025, we were delighted to announce the appointment of Sarah Matthews-DeMers, our current Chief Financial Officer, as our new Chief Executive Officer from 1 December 2025. Sarah was the standout candidate from a broad market search.

As a result of the appointment of Sarah as Chief Executive Officer, the Nomination Committee has commenced a formal process to identify a successor to Sarah as Chief Financial Officer. In the interim, the finance team is well resourced and will continue to report into Sarah.

Board performance review

The skills and experience of Board members are set out in their biographies on pages 64 and 65 of this Annual Report. An external Board evaluation is conducted every three years in accordance with the Financial Reporting Council's Code of Governance.

In FY 2025, the Board continued its work with Savendie which conducted an external Board performance review. The review occurred during May to August 2025 and explored the effectiveness of the Board operating as a team, the nature of debate and constructive challenge in Board and Committee meetings and the combination of skills required to cover strategic challenges. Overall, the report described an effective, skilled Board with an open and honest environment which encourages constructive challenge and debate. Read more about the Board performance review process on page 74.

Director induction

A detailed, tailored induction was created for Julie Armstrong, including one-to-one meetings with the Non-Executive Chairman, the Excom, the Group Head of HR, the Company Secretary, members of the finance function and the Group's Nominated Adviser, Peel Hunt. As part of her induction and training, Julie also attended the Board's offsite meetings in California and Michigan in June, which enabled her to meet senior management and commercial leaders in the Group's US businesses. Julie was also provided with a detailed induction pack via the Board's secure portal, containing relevant information on the Group's business, its purpose, culture and history and strategic plans. We continue to monitor and enhance our Board's induction programme.

Equality, diversity and inclusion

The Committee recognises the importance of equality, diversity and inclusion to the effective performance of the Board, and to our wider business operations. We are committed to promoting diversity across the Group in all forms, including diversity of age, sex, gender identity, gender reassignment, sexual orientation, marital status, nationality, ethnicity, geography, social and cultural background, disability, neurodiversity, religion or beliefs, or membership or non-membership of any trade unions.

The Committee is cognisant of the voluntary targets set out in the Hampton-Alexander Review that at least 33% of Board and Executive Committee members be female. We have surpassed this target with 50% female representation from a Board perspective and we continue to aspire to further improve female representation across the broader senior leadership team over the next few years. The Committee will also have regard to the recommendations set out in the Parker Review on ethnic diversity when recommending future appointments to the Board.

Succession planning

The Committee is responsible for promoting effective succession planning for the Board and the Executive Committee, to ensure that the leadership of the business remains aligned to the Group's strategy. The Committee reviewed the succession plan for individuals in key leadership roles at Group level. The Committee is satisfied that an appropriate succession plan is in place for the Board and key members of the Executive Committee, including emergency replacements over the short term. Over the longer term, the Committee will continue further work to ensure appropriate appointments are made when current tenures are approaching and as the organisation grows and evolves. These will be considered on a case-by-case basis, including internal candidates where available or external recruitment where deemed more appropriate.

The Directors will guard against any complacency to ensure the Board continues to operate in an open and transparent manner supported by high-quality debate and constructive challenge.

Richard Elsy CBE
Nomination Committee Chair
11 November 2025

> "The Board has the experience and skills to deliver our ambitious strategy."

Audit and Risk Committee report

Monitoring all aspects of financial reporting and risk

Audit and Risk Committee members

- Louise Evans (Chair)
- Richard Hickinbotham
- Julie Armstrong

Meetings

3

Key activities for the year

- Review and recommendation to the Board as to the approval of the 2024 Annual Report and Accounts and 2025 half-year report
- Review and recommendation to the Board as to the re-appointment of the external auditor
- Review of the Group's risk and internal control framework

Dear shareholders,

I am pleased to present my report as Chair of the Audit and Risk Committee.

The Audit and Risk Committee continues to play a very important role in the governance of the Group's financial affairs, through monitoring the integrity of the Group's financial reporting and internal controls and reviewing material financial reporting judgements. During the early part of the financial year, the Committee was focused on matters relating to the 2024 financial statements, which were covered in detail in last year's report. This report therefore focuses on the Committee's activities in relation to the 2025 half-year and full-year results, and the external and internal audit activity during 2025.

Membership of the Audit and Risk Committee

The Audit and Risk Committee has been established by the Board and is responsible for monitoring the integrity of the Group's financial statements and the effectiveness of the internal and external audit process. All members of the Committee are independent Non-Executive Directors, and each brings a broad range of financial and business expertise. I have previously served as the Finance Director of public companies and currently serve as an Audit and Risk Committee Chair on an additional listed company. Therefore, I possess recent and relevant financial experience. The Board considers that the Committee members possess an appropriate level of independence and offer a depth of financial and commercial experience across various industries. The qualifications and experience of the members of the Committee can be found on pages 64 and 65.

Operation of the Committee

Meetings of the Committee are attended, at the invitation of the Chair, by the external auditor, the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer and representatives of the Group finance function. The Committee meets with the external auditor at least once per year without the Executive Directors being present. The Company Secretary acts as secretary to the Committee. A verbal report on key issues discussed by the Committee is provided to the Board after every meeting.

The Chair of the Committee meets regularly with both the Chief Financial Officer and the external audit lead partner outside of scheduled meetings.

The Committee is authorised to obtain any external legal or other professional advice it requires at the Group's expense.

The Committee relies on regular reports from the Executive Directors, the wider management team and the external auditor in order to discharge its responsibilities. The Committee is satisfied that it received timely, sufficient and reliable information to enable it to fulfil its obligations during the year.

Audit and Risk Committee activities

The Committee reviews its terms of reference annually and recommends to the Board any changes required as a result of its review.

The key roles and responsibilities of the Committee are as follows:

- To review the Group's risk management framework, assist the Board in conducting a robust assessment of the Group's principal risks and ensure adherence to policies and effectiveness of mitigating actions
- To review the published half-year and annual financial reports and advise the Board on whether such information represents a fair, balanced and understandable assessment of the Group's position and prospects; monitor compliance with relevant statutory reporting requirements; review and consider any changes in accounting standards; and consider the suitability of, and any changes to, accounting policies used by the Group, including the use of estimates and judgements
- To manage the appointment of the Group's external auditor, agreeing the nature and scope of the external audit as well as the terms of remuneration, and assess the effectiveness of the audit and auditor independence, including approval of any non-audit services undertaken together with the level of non-audit fees

Audit and Risk Committee report continued

Audit and Risk Committee activities continued

- To review the internal control environment and consider the scope and findings of the internal audit reviews
- To review the adequacy of the Group's procedures for employees to report wrongdoing or raise concerns and review the systems in place to detect and prevent bribery, fraud and money laundering
- To monitor compliance with the UK corporate governance guidelines contained in the QCA Code in respect of audit and risk committees

Review of financial statements

The Committee monitors the integrity of the Group's financial statements and has reviewed the presentation and content of the Group's interim and final results announcements and the Annual Report. It considered whether the Annual Report was fair, balanced and understandable, as well as the appropriateness and disclosure of accounting policies, key judgements and key estimates. As part of this review, it considered matters raised by the CFO and Group finance team together with reports presented by the external auditor summarising the findings of its annual audit.

The significant accounting judgements considered for the year ended 31 August 2025 were:

- Review of the valuation and recoverability of goodwill and other intangible assets: the Committee considered the carrying value of goodwill and intangible assets in relation to Ansible Motion, VadoTech, rFpro, DRI, Venshure Test Services and Bolab against the latest forecasts for the businesses concerned and the future strategic plan for the Group. The Committee was satisfied that the valuation is appropriate and that no impairment is required
- Review of revenue recognition on long-term contracts: judgement is required on a contract-by-contract basis to determine whether revenue from contracts with customers for large capital equipment is recognised over time, depending on whether the Group has an enforceable right to payment for work completed to date. In relation to over time recognition, the Group has established processes in relation to estimating the stage of completion, milestones and expected profitability of the contracts. The Committee reviewed the judgements made and was satisfied that they are appropriate
- Review of acquisition accounting: the Committee considered the allocation of the purchase price of Bolab between the acquired net assets, separately identifiable intangible assets and goodwill and was satisfied that the allocation is appropriate
- Review of assets held for sale: the Committee considered the classification of the land asset that is held for sale and was satisfied that a sale is highly probable and therefore the classification is appropriate

The Committee reviewed the adequacy of the Group's financial resources to ensure there is sufficient headroom to enable the Group to continue trading for the foreseeable future. The Group has substantial cash resources and a £20m undrawn revolving credit facility at year end. The Group's future funding requirements were also considered. Based on its review of the Group's forecasts and discussions with the external auditor, the Committee recommended to the Board the adoption of the going concern basis for the preparation of the interim and full-year results.

The Committee reviewed the form and content of the 2025 Annual Report and confirmed to the Board that, taken as a whole, the Annual Report is fair, balanced and understandable. The Committee also concluded that the Annual Report provides the information necessary to assess the Group's position and performance, business model and strategy.

External audit

Crowe UK LLP was re-appointed as external auditor at the 2025 AGM, completed the audit for the year ended 31 August 2025 and provided the Independent auditor's report on pages 96 to 99.

The Audit and Risk Committee reviewed the audit plan including scope and materiality thresholds. It also considered the independence and objectivity of the external auditor and reviewed the effectiveness of the audit process through inviting feedback from people involved with the external auditor's work across the business, and additional meetings between the Chair of the Committee and the audit partner. The Committee received confirmation from the auditor that it had complied with independence rules and with the Ethical Standards for Auditors. Having reviewed the audit plan, audit findings report and enquiries of management, the Committee concluded that audit effectiveness for FY 2025 was satisfactory.

The Committee also reviewed the nature, extent, impact on objectivity and cost of non-audit services provided by the auditor. During the year, Crowe UK LLP provided no non-audit services. The Committee concluded that the external auditor was independent during the financial year.

The auditor independence policy, which was reviewed by the Committee during the year, prohibits the provision of certain non-audit services by the external auditor, in line with regulatory requirements and UK ethical guidance. It also requires the Committee's prior approval of any permitted individual non-audit services with a fee above £25,000, or £50,000 in aggregate in any financial year.

Risk and internal control framework

During the year, the Committee reviewed the Group's risk, compliance and internal control framework. This included:

- Reviewing and updating the Group's delegation of authority framework, in order to ensure appropriate controls are in place for the approval of certain matters and actions relating to expenditure, contractual exposure and other potential liability for the Group
- Reviewing the effectiveness of the Group's internal control environment and how this has been strengthened through the design and implementation of the new ERP system, as well as continuing to monitor the implementation of the internal control manual, which was published in 2023
- Reviewing the provision of internal oversight and the development of internal audit reviews
- Reviewing the ongoing development of the Group's risk management framework, including assessing the Group's emerging and principal risks and mitigating actions, more information on which can be found on pages 58 to 60
- Reviewing the Group's insurance coverage

Louise Evans
Audit and Risk Committee Chair
11 November 2025

Sustainability Committee report

Enhancing sustainability across our Group

Sustainability Committee members

- Louise Evans (Chair)
- Julie Armstrong
- Richard Elsy CBE
- Dr James Routh

Meetings

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Key activities for the year

- Promoting the Group's contribution to road safety and the associated reduction in road accidents and fatalities
- Promoting the Group's sustainability objectives by assisting in the roll-out of EVs and other lower-carbon transport technologies
- Overseeing the growth of the Group's sustainability strategy
- Reviewing the Group's policies, programmes, targets and initiatives

Dear shareholders,

I am delighted to present my fifth report as Chair of our Sustainability Committee.

Sustainability is an intrinsic part of our core purpose to accelerate our customers' drive towards net zero emissions and to improve road safety and the automation of vehicle applications through leadership and innovation in engineering and technology.

The Sustainability Committee has continued to set the overall sustainability strategy for the Group and provide Board-level oversight of the various sustainability activities which are embedded throughout our business.

Role and activities

The role of the Committee includes:

- Promoting the Group's contribution to road safety and the associated reduction in road accidents and fatalities
- Oversight of the Net Zero Working Group, the global team tasked with identifying, managing and reducing the Group's carbon emissions
- Promoting the Group's Equality, Diversity and Inclusion and Social Mobility Programmes
- Reviewing the Group's management and governance policies
- Ensuring Group whistleblowing policies and procedures are appropriate and effective

Activities during the year

The Committee met four times during the year to develop the sustainability strategy and bring together the current activities under coherent oversight.

We have set our environmental goal to be net zero for market based Scope 1 and 2 emissions by 2040 and to be a net zero organisation by 2050, and are already making good progress against these objectives.

We continue to be advised by Auditel, a leading carbon solutions company, to assist us in identifying and reducing our carbon emissions and related costs. Achieving credible, trustworthy and substantiated environmental claims is key to our aim for verification with ISO 14068-1 (Climate change management – Transition to net zero; Part 1: Carbon neutrality).

Employee health, safety and wellbeing continue to be of paramount importance. The Group continues to be accredited with the ISO 45001 Occupational Health and Safety Management System certification at Anthony Best Dynamics Limited and AB Dynamics GmbH. This accreditation reinforces our health and safety policy and demonstrates our commitment to employee safety.

The Net Zero Working Group continues to operate and comprises representatives from the Group's subsidiaries who will spearhead a comprehensive programme to achieve net zero for Scope 1 and 2 emissions throughout all the businesses in the Group by 2040.

The Committee recognises the significance of diversity and inclusion and social mobility and supporting future leaders. The Group's Equality, Diversity and Inclusion and Social Mobility Programmes have both continued this year. We have an equality, diversity and inclusion policy which outlines our commitment to equality, diversity and inclusion and sets out how we put this commitment into practice. To support this policy, all of our hiring managers continued to undertake unconscious bias training this year and every current employee is to attend equality, diversity and inclusion training on an annual basis. We will continue to monitor our EDI data on an ongoing basis to assess the impact of this policy and our EDI strategy.

Looking forward

In the coming year, we plan to continue with the implementation of our strategy and refine our sustainability performance delivery.

Louise Evans
Sustainability Committee Chair
11 November 2025

Directors' remuneration report

Annual Statement

Our Remuneration Policy accords with the interests of our shareholders

Remuneration Committee members

- Richard Hickinbotham (Chair)
- Julie Armstrong
- Richard Elsy CBE
- Louise Evans

Meetings

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Key activities for the year

During the year, the Committee considered:

- Salary reviews for Executive Directors and senior management
- The 2025 annual bonus plan outturn
- Approval of the 2026 annual bonus plan financial targets and personal objectives for the Executive Directors
- Vesting of the 2021 LTIP awards
- Approval of 2025 LTIP awards and performance conditions
- Senior executive leaver arrangements
- Review of the Directors' remuneration report

Dear shareholders,

I am pleased to present the Directors' remuneration report for the year ended 31 August 2025. As a group listed on the Alternative Investment Market (AIM), we are required to comply with AIM Rule 19 in respect of remuneration disclosures. However, the Committee has chosen to provide additional disclosures in line with AIM best practice to enable shareholders to better understand and consider our remuneration arrangements. As such, this report is divided into three sections, being:

- This **Annual Statement**, which summarises the Committee and its work, remuneration outcomes in respect of the year just ended and how the Remuneration Policy will be operated for the forthcoming financial year
- The **Remuneration Policy**, which sets out the Group's Remuneration Policy for the Directors
- The **Annual Report on Remuneration**, which discloses how the Remuneration Policy was implemented in the year ended 31 August 2025 in detail

Consistent with AIM best practice and noting Principle 9, application e, the Directors' remuneration report (comprising this Annual Statement and the Annual Report on Remuneration) and the Directors' Remuneration Policy will be put to separate advisory votes at the AGM in January 2026.

Remuneration Policy

The Committee is conscious of the need to demonstrate good governance. Whilst we recognise our status as an AIM-quoted company, the Committee has adopted remuneration structures which reflect good practice. In particular, I would highlight the following:

- The annual bonus for Executive Directors is based on delivering against key financial and strategic performance metrics which are aligned to our business strategy
- 20% of any bonus earned is deferred into shares for a period of three years
- Awards made under the long-term incentive plan (LTIP) vest based on sliding scale and three-year performance metrics measured over a three-year performance period with a further two-year holding period
- LTIP awards are subject to malus and clawback provisions
- Shareholding guidelines operate for the Executive Directors

In addition, the Remuneration Committee continues to keep abreast of corporate governance and regulatory developments to ensure the continued application of best practice and transparency.

Performance outcomes

The Group made a strong start to executing our value creation plan having delivered profit growth slightly ahead of expectations, margin improvement and the acquisition of Bolab, despite challenging macroeconomic circumstances. Revenue increased by 3% to £114.7m, adjusted operating profit grew by 15% to £23.3m and adjusted operating margin increased 210 bps to 20.3%. Cash conversion was 106%. The Group also launched several new products during the year while continuing to invest in new product development.

Directors' remuneration report continued

Annual Statement continued

Implementation of the Policy for the year ended 31 August 2025

In respect of implementing the Remuneration Policy for the year ended 31 August 2025:

- As detailed in last year's Directors' remuneration report, the Committee agreed to increase the CEO's and CFO's salaries to £440,412 and £330,309, respectively, effective 1 January 2025 to ensure that they appropriately aligned to AIM 100 levels and reflected length of service, experience and performance in their respective roles
- Pension provision continued to be aligned to the Company's UK workforce at 10% of salary
- As a result of the Company's performance against the financial and strategic/operational performance targets, the annual bonus paid out at 78.8% of the maximum for the CFO. Following his resignation in July 2025, the CEO was not eligible for an annual bonus in respect of the year ended 31 August 2025. 20% of the CFO's bonus award will be deferred into shares for three years as per the normal deferral policy. Details of the performance against the targets are set out in the Annual Report on Remuneration
- LTIP awards were granted on 12 December 2024 over shares equal to 150% of salary for the CEO and CFO. Details of the number of shares awarded and the performance targets are set out in the Annual Report on Remuneration
- In relation to the LTIP awards granted in March 2022, both the EPS targets (50% of awards) and total shareholder return targets (50% of awards) were met in full and 100% of the total awards vested in December 2024

Implementation of the Policy for the year ending 31 August 2026

As announced on 21 October 2025, Sarah Matthews-DeMers will take up the role of Chief Executive Officer from 1 December 2025, replacing Dr James Routh who will step down from the Board on 30 November 2025 and will leave the Group on 31 December 2025.

In respect of implementing the Remuneration Policy for the year ending 31 August 2026:

- Sarah Matthews-DeMers' base salary will be set at £460,000 from 1 December 2025, which is broadly aligned to the salary for the current CEO (assuming a workforce aligned increase from 1 January 2026). Her salary will not be reviewed until 1 January 2027
- Pension provision will continue to be aligned to the Group's UK workforce at 10% of salary
- Annual bonus potential will remain unchanged at 125% of salary. Performance metrics will be based on a combination of financial (70%), organic and inorganic initiatives (12% and 5% respectively), product development (10%) and sustainability (3%) based targets
- LTIP awards will continue to be set at 150% of salary. The targets for the LTIP award, currently envisaged to be granted in November 2025, will be set out in an RNS announcement to the market following their consideration by the Committee

Following Dr James Routh's resignation, he will not participate in the annual bonus scheme for the year ending 31 August 2026 or receive future LTIP awards and all outstanding LTIPs lapsed on resignation. Details of salary payments made during Dr James Routh's notice period from 1 September 2025 will be disclosed in next year's Directors' remuneration report.

The Committee continues to welcome feedback from shareholders and I hope that we receive your support in respect of the remuneration related votes at our forthcoming AGM.

"Our Remuneration Policy supports the strategy of the business."

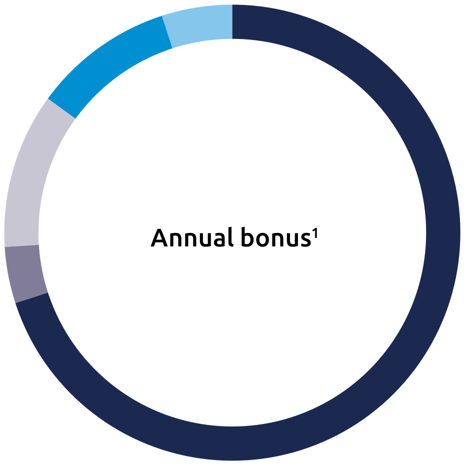
Directors' remuneration report continued

Remuneration Policy

Remuneration at a glance

This section provides an overview of our Remuneration Policy and outcomes for the year.

Strategic alignment of remuneration with FY 2025 KPIs

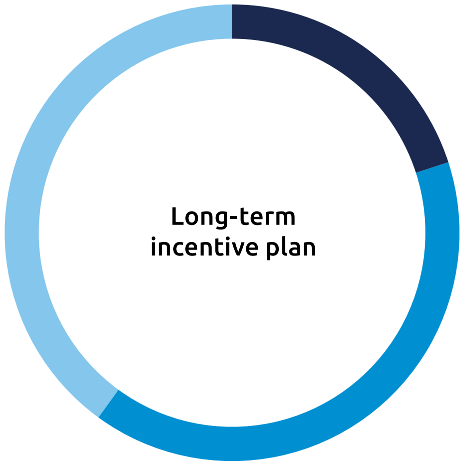


	CEO	CFO
1. Financial	70%	70%
2. Product development	10%	4%
3. Operational/organisational	5%	11%
4. Strategic	10%	10%
5. ESG	5%	5%

Links to strategy

1 2 3 4 5 6

READ MORE ON PAGE 13



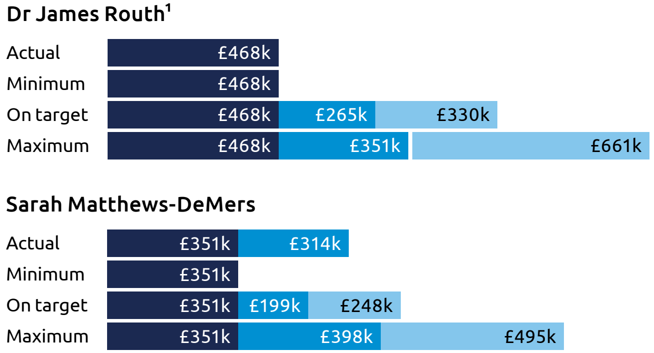
Total shareholder return	20%
Earnings per share (EPS)	40%
Cash conversion	40%

Total shareholder return vests between median and upper quartile performance.

EPS vests between 5% to 12% compound annual growth.

Cash conversion vests between 80% to 110%.

Remuneration Policy and FY 2025 outturn



- Fixed pay
- Annual bonus
- LTIP*

On target assumes the annual bonus and LTIP vest at 50% of maximum for FY 2025. No share price appreciation is included.

* The LTIP shares awarded in FY 2025 will only vest in three years' time, therefore the value cannot be presented in the actual outturn. For the value of LTIP share awards granted in FY 2022 which vested in FY 2025 please refer to the single figure table for Executive Directors on page 88.

1 Following his resignation, Dr James Routh was not eligible for an annual bonus award for the year ended 31 August 2025.

Directors' remuneration report continued

Remuneration Policy continued

Directors' Remuneration Policy

Executive Directors

Element	Purpose	Operation	Maximum opportunity	Performance metrics
Base salary	To attract and retain Executive Directors with the required skills and experience to deliver AB Dynamics' continued growth strategy	Base salaries are normally reviewed on an annual basis with any changes normally effective 1 January each year	There is no maximum salary, although salary levels are set to progressively move towards levels for companies of a similar size and operational and geographic complexity	Base salary levels and corresponding increases are based on individual experience, skills and Group performance along with competitiveness against similar companies
Benefits	To provide market competitive benefits	Benefits may include medical cover, income protection and death in service insurance. Other benefits may be awarded as appropriate and include relocation	Benefits may vary by role and individual circumstances and are periodically reviewed	Not performance related
Pensions	Competitive to market to reward sustained contribution by Executive Directors	Contributions to a Director's pension as appropriate. This may include contribution to a money purchase scheme or payment of a cash allowance where appropriate	Aligned to the pension available to AB Dynamics' UK workforce	No performance metrics applicable
Annual performance related bonus	To reward and incentivise based on the performance against budget and other business related objectives	Financial and non-financial performance targets are set and reviewed by the Remuneration Committee 20% of any bonus earned is normally deferred into shares for three years Bonus awards are subject to malus and clawback provisions	125% of base salary	Sliding scale financial and/or personal/strategic targets
Long-term incentive plan (LTIP)	To align Executive Directors to the delivery of the long-term strategy of the Group and provide long-term value for shareholders	Performance is assessed against rolling three-year performance periods. Awards normally vest at the end of the three-year performance period with 60% released after year three and 20% in each of the following two years. LTIP awards are subject to malus and clawback provisions	Maximum of 175% of base salary although normal awards will be set at 150% of salary	Performance metrics will be linked to financial and/or share price and/or strategic performance
Shareholding guidelines	To align Executive Directors with shareholder interests	Shareholding guidelines require a minimum shareholding (normally within five years)	150% of salary	Not performance related

Non-Executive Directors

Chairman's and Non-Executive Directors' fees	To attract and retain a Chairman and independent Non-Executive Directors with the required skills and experience	Paid monthly in arrears and reviewed each year. Any reasonable business related expenses can be reimbursed	The Chairman's and Non-Executive Directors' fees are determined by relevant benchmark data	Annual review by the Board (Non-Executive Directors, Remuneration Committee Chair)

Discretion

The Committee has discretion to adjust the formulaic:

- Bonus outcomes to ensure alignment of pay with the underlying performance of the business over the financial year and to take account of personal performance over the course of the year
- LTIP outcomes to ensure alignment of pay with performance and to ensure the outcome is a true reflection of the performance of the Company

Recruitment policy

Upon recruitment of an Executive Director, the remuneration package will be in line with the Remuneration Policy, subject to the Committee having discretion that buy-out awards (or any other means in order to facilitate the recruitment of an Executive Director) are reasonably necessary.

Directors' remuneration report continued
Annual Report on Remuneration

Annual Report on Remuneration

This section sets out how the Remuneration Policy was applied for the year ended 31 August 2025 (and the prior year).

Single figure table for Executive Directors

	Dr James Routh		Sarah Matthews-DeMers	
Pay element	**2025 £'000**	2024 £'000	**2025 £'000**	2024 £'000
Base salary	**425**	387	**318**	290
Taxable benefits	**1**	1	**1**	1
Pensions	**42**	39	**32**	29
Annual bonus	**—**	433	**314**	325
LTIP[1]	**973**	193	**730**	117
Total	**1,441**	1,053	**1,395**	762
Of which:				
Fixed remuneration	**468**	427	**351**	320
Variable remuneration	**973**	626	**1,044**	442

1 Both the EPS (50% of awards) and total shareholder return (TSR) targets (50% of awards) were met in full, resulting in 100% of the FY 2022 LTIP awards vesting in December 2024.

CFO's annual bonus

As a result of the Group's performance against the financial and strategic/operational performance targets, the annual bonus paid out at 78.8% of the maximum for the CFO. Following his resignation in July 2025, the CEO was not eligible for an annual bonus in respect of the year ended 31 August 2025. 20% of the bonus award will be deferred into shares for three years.

Details of the performance against the CFO's targets are as follows:

	Outcome	**Outcome**	**Weighting**
EBIT	Near to maximum	36%	40%
Order intake	Near to minimum	1%	10%
Cash conversion	Near to maximum	8%	10%
Operating margin	Above maximum	10%	10%
Strategic	Some of the targets met in full	5%	10%
Organisational/operational	Met in full	11%	11%
Product development	Majority of the targets met in full	3%	4%
ESG	Met in full	5%	5%
Total (% of max)		**78.8%**	**100%**
Total (% of salary)		**98.5% of salary**	

Directors' remuneration report continued

Annual Report on Remuneration continued

Annual Report on Remuneration continued

Share awards issued in the year

Deferred bonus awards

Details of the deferred bonus shares, which were issued to Executive Directors on 12 December 2024 in respect of 20% of the respective annual bonus awards for the year ended 31 August 2024, are as follows:

Executive Director	Shares issued	Award basis (% of salary)	Issue date	Release date	Performance conditions
Dr James Routh	2,341	20% of FY 2024 bonus[1]	12 December 2024	12 December 2027	n/a
Sarah Matthews-DeMers	1,756	20% of FY 2024 bonus[1]	12 December 2024	12 December 2027	n/a

1 Based on the share price of £19.60 on 11 December 2024.

LTIP awards

Details of the LTIP awards granted to the CEO and CFO on 12 December 2024 are as follows:

Executive Director	Awards granted	Award basis (% of salary)	Grant date	Face value of award at maximum vesting (£k)[1]	Vesting date	Performance conditions
Dr James Routh	33,705	150%	12 December 2024	£661	29 November 2027	See below
Sarah Matthews-DeMers	25,278	150%	12 December 2024	£495	29 November 2027	See below

1 Based on the share price of £19.60 on 11 December 2024.

The performance conditions determining vesting over the three years to 31 August 2027 are as follows:

- 40% of awards vest based on EPS growth. 25% of this part of awards vest for EPS growth of 5% p.a., increasing on a straight-line basis to 100% of this part of awards vesting for EPS growth of 12% p.a.
- 40% of awards vest based on cash conversion. 0% of this part of awards vest for cash conversion of 80%, increasing on a straight-line basis such that 50% of this part of awards vest for cash conversion of 100%. A further 50% of this part of awards vest for cash conversion of between 100% and 110%
- 20% of awards vest based on relative TSR versus the constituents of the AIM 100 (ex-Investment Trusts). 25% of this part of awards vest for median TSR, increasing on a straight-line basis to 100% of this part of awards vesting for upper quartile TSR

Directors' interests in shares

Directors' interests in the shares of the Company, including related parties, were as follows:

Directors	Ordinary shares of 1p each	Shareholding guidelines[1]	Shareholding guidelines met
Dr James Routh	63,016	150%	Yes
Sarah Matthews-DeMers	31,091	150%	No

1 Shareholdings of 150% of salary are targeted to be built up within five years of appointment.

Directors' remuneration report continued

Annual Report on Remuneration continued

Directors' interests in long-term incentive awards

Director	Award	Date of grant	Date of vesting	Notes	Exercise price	1 September 2024	Awarded during the year	Exercised during the year	Lapsed during the year	31 August 2025[6]
Dr James Routh	LTIP	11 March 2022	3 December 2024	2	£0	51,220	—	(51,220)	—	—
	LTIP	4 January 2023	4 January 2026	3	£0	28,457	—	—	(28,457)	—
	LTIP	8 February 2024	8 February 2027	4	£0	27,692	—	—	(27,692)	—
	LTIP	12 December 2024	29 November 2027	5	£0	—	33,705	—	(33,705)	—
Sarah Matthews-DeMers	Legacy options	5 December 2019	5 December 2021	1	£21.40	60,000	—	—	—	60,000
	LTIP	11 March 2022	3 December 2024	2	£0	38,415	—	(38,415)	—	—
	LTIP	4 January 2023	4 January 2026	3	£0	21,343	—	—	—	21,343
	LTIP	8 February 2024	8 February 2027	4	£0	20,769	—	—	—	20,769
	LTIP	12 December 2024	29 November 2027	5	£0	—	25,278	—	—	25,278

Notes:

1 Recruitment related market value options which vested on 4 December 2020 (50%) and 4 December 2021 (50%).

2 50% based on EPS growth, 50% based on relative TSR versus the AIM 100 (median to upper quartile). The EPS and TSR targets were met in full and, as such, 100% of the awards vested.

3 One-third based on EPS growth, one-third based on cash conversion, one-third based on relative TSR versus the AIM 100 (median to upper quartile). The EPS and cash conversion targets have been met in full. The TSR targets will be assessed at the completion of the measurement period in January 2026.

4 One-third based on EPS growth, one-third based on cash conversion, one-third based on relative TSR versus the AIM 100 (median to upper quartile).

5 See performance conditions detailed in the LTIPs granted in the year section above.

6 Following his resignation, all LTIP awards held by Dr James Routh lapsed.

CEO pay ratio

The Group has a range of policies and practices to ensure that all employees are fairly rewarded for the work they undertake. For all employees, a total reward package is offered that includes market competitive salaries and a bonus scheme which allows employees to share in the success of the Group. The senior management team is also eligible for awards under the long-term incentive plan which provides closer alignment to the shareholder experience.

The table below shows the CEO's and average employee total remuneration over the last three years.

The CEO pay ratio has increased compared to the prior year primarily as a result of the value of the 2021 LTIP, which vested in December 2024, more than offsetting the loss of his annual bonus for the year ended 31 August 2025 following his resignation.

The Committee is satisfied that the pay ratio is consistent with the pay, reward and progression policies for our employees.

	Total remuneration		
FY	Dr James Routh	Average employee	Ratio
2025	**£1,441,000**	**£67,000**	**22:1**
2024	£1,053,000	£66,000	16:1
2023	£1,064,000	£70,000	15:1

Directors' remuneration report continued

Annual Report on Remuneration continued

Directors' contracts

The Executive Directors have rolling service contracts that are subject to twelve months' notice. The Chairman and Non-Executive Directors do not have contracts of service.

Single figure table for Non-Executive Directors

	Richard Elsy CBE		Richard Hickinbotham		Louise Evans		Julie Armstrong[1]	
Pay element	**2025 £'000**	2024 £'000	**2025 £'000**	2024 £'000	**2025 £'000**	2024 £'000	**2025 £'000**	2024 £'000
Fees, including Committee Chair fees	**109**	104	**63**	60	**63**	60	**14**	—

1 Appointed to the Board on 14 May 2025.

Advisers

FIT Remuneration Consultants LLP continued to provide independent advice to the Committee during the year ended 31 August 2025. Its fee for the year ended 31 August 2025 was £35,000 (2024: £13,900).

Payments to past Directors

Anthony Best retired from the Board on 1 July 2021 and continues as a special adviser to the Group on a retainer of £12,000 per annum.

Board changes and payments for loss of office

As announced on 8 July 2025, Dr James Routh has informed the Board of his decision to leave the Company to take up a CEO role at another UK listed plc. As such, he was not eligible to receive an annual bonus for the year ended 31 August 2025 and all of his outstanding LTIP awards lapsed on resignation. Similarly, there will be no participation in the bonus plan for the year ending 31 August 2026 or future LTIP grants. Details of salary payments made during Dr James Routh's notice period from 1 September 2025 will be disclosed in next year's Directors' remuneration report.

There were no loss of office payments made during the year.

Richard Hickinbotham
Remuneration Committee Chair
11 November 2025

Directors' report

Index to principal Directors' report and other required governance and compliance disclosures

This section contains information which the Directors are required by law and regulation to include within the Annual Report and Accounts. Where relevant information (required to be disclosed in the Directors' report) is located in more detail elsewhere in this document, please refer to the table below:

Directors' report continued

Company information

Articles of Association

The Company's Articles of Association may be amended by special resolution of the Company's shareholders.

Strategic report

The Strategic report is set out on pages 1 to 61 and was approved by the Board on 11 November 2025. It is signed on behalf of the Board by Richard Elsy CBE, Non-Executive Chairman.

Cautionary statement

The review of the business and its future development in the Annual Report has been prepared solely to provide additional information to shareholders to allow individual shareholders to consider the Group's strategies and make their own assessment of the potential for these strategies to succeed. It should not be relied on by any other party for any other purpose. The review contains forward-looking statements which are made by the Directors in good faith based on information available to them up to the time of the approval of these reports; as such they should be treated with caution due to inherent uncertainties associated with such statements.

Employees

The average number of persons, including Directors, employed by the Group including its overseas subsidiaries and their remuneration are set out on pages 84 to 91 and in note 8 to the financial statements. Other information about the Group's employee engagement, equality, diversity and inclusion policies is set out in the Our people section of the Sustainability section on pages 35 to 39, and the Corporate social responsibility section on page 39. The Group-wide gender diversity split as at 31 August 2025 was 18% female, 81% male and 1% prefer not to say (excluding VadoTech Group).

Greenhouse gas (GHG) emissions

The Group recognises and strives to minimise its impact on the environment. This year our main environmental focus has been on clean inputs, responsible consumption and carbon reduction. Further information including the Group's carbon emissions and energy consumption data can be found on pages 40 to 44.

Shareholder information

Incorporation and principal activity

AB Dynamics plc is domiciled in England and registered in England and Wales under company number 8393914. At 10 November 2025, there were 22,954,463 ordinary shares of 1p each in issue, all of which are fully paid up and quoted on the London Stock Exchange's AIM market. The principal activity of the Group is the design, manufacture and supply to the global transport market of advanced testing systems, simulation products and testing services. A description and review of the activities of the Group during the financial year and an indication of future developments are set out on pages 1 to 61.

Annual General Meeting

The Annual General Meeting (AGM) will be held at 11 am on Thursday 15 January 2026 at Teneo, The Carter Building, 11 Pilgrim Street, London EC4V 6RN. The Notice of the AGM 2026 can be found on pages 131 to 135 and will be published on the AB Dynamics plc website.

Substantial shareholdings

At 10 November 2025, the Company had been notified of the following interests amounting to 3% or more of the voting rights in its ordinary share capital:

	Percentage of ordinary share capital
Anthony Best	23.49
Octopus Investments	11.04
Rathbones	7.42
Liontrust Asset Management	4.26
Canaccord Wealth (Retail)	3.67

As far as the Directors are aware, there were no other interests above 3% of the issued ordinary share capital.

Share capital

The rights attaching to the Company's ordinary shares, as well as the powers of the Company's Directors, are set out in the Company's Articles of Association, copies of which can be obtained from the Company Secretary and are available on the Company's website. The Company is not aware of any agreements between shareholders that may result in restrictions on the transfers of securities and/or voting rights. No person holds securities in the Company carrying special rights with regard to control of the Company.

Employee share plans

Details of the Company Share Option Plan, under which 138,872 non-transferable options were granted to employees in October 2019, and the Group's ongoing long-term incentive plan, the conditional arrangement under which contingent share awards can be made to selected senior management, including the Executive Directors, are set out in the Remuneration Committee report and in note 25 of the financial statements.

Restrictions on transfer of shares

The Board may in its absolute discretion refuse to register a transfer of a certificated share that is not fully paid, provided that the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis. The Board may also refuse to register a transfer of a certificated share, unless the instrument of transfer is:

(i) Duly stamped or duly certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty, lodged at the Transfer Office or at such other place as the Board may appoint and (save in the case of a transfer by a person to whom no certificate was issued in respect of the shares in question) accompanied by the certificate for the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do

(ii) In respect of only one class of shares

(iii) In favour of not more than four persons jointly

Directors' report continued

Shareholder information continued

Restrictions on transfer of shares continued

There are no other restrictions on the transfer of ordinary shares in the Company except certain restrictions which may from time to time be imposed by laws and regulations (for example insider trading laws) or where a shareholder with at least a 0.25% interest in the Company's certificated shares has been served with a disclosure notice and has failed to provide the Company with information concerning interests in those shares.

Related party disclosures (AIM Rule 19)

There is no information to be disclosed by the Company in respect of related party transactions, except for:

- Share options and long-term incentive schemes awarded to Executive Directors (see the Remuneration Committee report)
- Provision of services by the controlling shareholder (see the Remuneration Committee report)

Financial information

Results and dividends

The profit for the financial year attributable to shareholders was £21.8m (2024: £9.8m). The Directors recommend a final dividend of 6.36p per ordinary share (2024: 5.30p) to be paid, if approved, on 30 January 2026. The results are shown more fully in the consolidated financial statements on pages 100 to 125 and summarised in the Chief Financial Officer's review on pages 18 to 21.

Independent auditor

A resolution to re-appoint Crowe UK LLP (Crowe) as the Company's external auditor will be proposed at the forthcoming AGM, in accordance with Section 489 of the Companies Act 2006.

Disclosure of information to auditor

Each person who is a Director at the date of approval of this Directors' report confirms that:

- So far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware
- That Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditor in connection with preparing its report and to establish that the Company's auditor is aware of the information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Directors' assessment of going concern

At 31 August 2025 the Group had £41.4m 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 and Company will have adequate resources to continue in operation for at least twelve months from the signing date of the financial statements.

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 cash flow and covenant requirements. The scenario, which sensitised the forecasts for specific identified risks, modelled the reduction in anticipated levels of cash and the associated reduction of adjusted EBITDA. The scenario considered the principal risks and uncertainties referred to on pages 58 to 60 and modelled the financial impact of all of the below sensitivities to the base case forecast:

- A reduction in demand of 25% over the next two financial years
- A 10% increase in operating costs
- An increase in cash collection cycle
- An increase in input costs resulting in reduction in gross margins 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 and Company will have adequate resources to continue in operational existence for at least twelve months after the date of approval of the financial statements. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Directors' insurance

The Group has in place a Directors' and Officers' liability insurance policy which provides cover for the personal liability which the Company's Directors and Officers may face. This remains in force at the date of this report.

Approved for and on behalf of the Board.

Richard Elsy CBE
Non-Executive Chairman
AB Dynamics plc
Company number: 8393914

11 November 2025

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare such financial statements for each financial year. Under that law, they have elected to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that year. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

They are further responsible for ensuring that the Strategic report and the Directors' report and other information included in the Annual Report and Accounts are prepared in accordance with applicable law in the United Kingdom.

The maintenance and integrity of the AB Dynamics plc website is the responsibility of the Directors; the work carried out by the auditor does not involve the consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in Annual Reports may differ from legislation in other jurisdictions.

Directors' responsibility statement

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, 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
- The Strategic report and Directors' report include 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
- 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 is signed on its behalf by:

Richard Elsy CBE
Non-Executive Chairman

Registered office:
Middleton Drive, Bradford on Avon, Wiltshire BA15 1GB

Independent auditor's report

To the members of AB Dynamics plc

Opinion

We have audited the financial statements of AB Dynamics plc (the Parent Company) and its subsidiaries (the Group) for the year ended 31 August 2025, which comprise:

- The Consolidated statement of comprehensive income for the year ended 31 August 2025
- The Consolidated and Parent Company statements of financial position as at 31 August 2025
- The Consolidated and Parent Company statements of changes in equity for the year then ended 31 August 2025
- The Consolidated statement of cash flows for the year then ended 31 August 2025
- The notes to the financial statements, including a summary of material accounting policies

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 August 2025 and of the Group's profit for the year then ended
- The Group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards
- The Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing the Directors assessment for the Group and Parent Company for the period to August 2027
- Checking the numerical accuracy of the Directors assessment
- Challenging the Directors on the assumptions underlying those projections and agreeing key elements of these to supporting information such as industry data and historic Group performance
- Obtained the latest management results post year end 31 August 2024 to review how the Group and Parent Company are trending toward achieving the forecast
- Performed sensitivity analysis on key inputs of the forecast by calculating the impact of various scenarios and considering the impact on the Group and Parent Company's ability to continue as a going concern in the event that a downward scenario occurs. The sensitivity analysis covered the downside scenario as disclosed in note 2a
- Assessing the completeness and accuracy of the matters described in the going concern disclosure within the significant accounting policies as set out in Note 2 (a)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements.

We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £1,125,000 (2024: £965,000), based on 5.0% of adjusted Group profit before tax. Materiality for the Parent Company financial statements was set at £560,000 based on 0.46% of net assets.

We use a different level of materiality (performance materiality) to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. We determined performance materiality for the Group financial statements as a whole to be £787,500 (2024: £675,500). Performance materiality for the Parent Company financial statements was set at £392,000 (2024: £45,000).

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and Directors' remuneration.

We agreed with the Audit and Risk Committee to report to it all identified errors in excess of £56,250 (2024: £45,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Independent auditor's report continued

To the members of AB Dynamics plc

Overview of our audit approach continued

Overview of the scope of our audit

The main trading Group and its principal subsidiary are accounted for from one central location, the Group's registered office. The Group has a number of operating locations, both across the UK and overseas. Our audit work was performed entirely in the United Kingdom with the exception of year-end inventory counts. Inventory counts were performed at two locations in the United Kingdom, (AB Dynamics Ltd and Ansible Ltd), two locations in Germany, (Bolab and AB Dynamics GmbH) and one in the USA, (AB Dynamics Inc), which were performed by teams from a Crowe Global member firm with oversight from the UK engagement team.

The Parent Company and the primary trading subsidiary, AB Dynamics Ltd, were subject to a full scope audit. Remaining subsidiaries have been audited to a component materiality. Testing was performed on a line by line basis in the financial statements and testing was completed to ensure that the Group balance of items left untested per line item was below performance materiality.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
Revenue recognition and accounting for long-term contracts The Group has recognised revenues totalling £114.7m (2024: £111.3m). See notes 2(c) and 3 to the financial statements. Revenue is recognised in accordance with the accounting policy set out in the financial statements. The accounting policy contains a number of judgements, particularly in recognising when the performance obligations are satisfied. This is determined with reference to the underlying contract with the customer. For certain projects the Company recognises revenue over the period of the contract. The Group uses the percentage of completion method to determine the appropriate amount of revenue to recognise in a given period. This is measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. A number of judgements are made by management in making its assessment of estimated costs and profitability including how the stage of completion is identified, which could lead to material misstatement due to fraud or error. Due to the estimation uncertainty over percentage completion we have identified revenue recognition and accounting for long-term contracts as a key audit matter.	• We assessed that the accounting policy conformed with the requirements of IFRS 15 and then tested its application to a sample of contracts • We assessed the use of a input based methodology and its appropriateness to the circumstances of the business • We undertook audit procedures over the design and implementation of controls within the revenue cycle that are operational within the Group • We performed cut off testing to ensure revenue was recorded in the correct period and that any resulting work-in-progress and other entries are appropriate • We tested a sample of individual revenue transactions through to cash receipts and shipment documentation • Our work on long-term contracts focused on validating that estimated contract costs and cost to complete (CTC) which include staff costs, overheads and material costs are appropriate and accurately estimated • We challenged assumptions surrounding CTC, cost escalation and delivery schedules against historical data and budgets • We tested a sample of costs incurred to date to supporting documentation • We considered the original budget for both active and historical contracts and compared this to actual costs to validate how the contract has performed and enquired into cost overruns and any events which could change this assessment • We enquired with project managers external to finance to discuss post year end progress on contracts to identify any unforeseen variance against budget

Independent auditor's report continued

To the members of AB Dynamics plc

Overview of our audit approach continued

Key audit matters continued

Key audit matter	How the scope of our audit addressed the key audit matter
Recoverability of goodwill and acquired intangible assets The Group recognises goodwill and acquired intangible balances totalling £74.6m (2024: £75.9m) arising from a number of acquisitions. See notes 12 and 13 to the financial statements. The Group's intangible assets comprise of goodwill arising on acquisition of businesses, customer relationships, brand and technology assets. When assessing the carrying value of goodwill and intangible assets, management makes judgements regarding the appropriate cash generating unit, strategy, future trading and profitability and the assumptions underlying these. We considered the risk that goodwill and/or other intangible assets were impaired. Due to the significant assumptions that underpin the recoverable amount of these assets, the recoverability of goodwill and acquired intangible assets has been identified as a key audit matter.	• We evaluated, in comparison to the requirements set out in IAS 36, management's assessment (using discounted cash flow models) as to whether goodwill and/or other intangible assets were impaired. We reviewed and challenged management's assessment of the CGUs • We undertook audit procedures over the design and implementation of Group controls over the internal budgeting and impairment assessment processes and approvals • We challenged, reviewed and considered by reference to evidence, management's impairment and fair value models as appropriate and their key estimates, including the discount rate. We reviewed the appropriateness and consistency of the process for making such estimates • We obtained management's discounted cash flow models supporting the intangible asset valuation. We challenged the key assumptions into the model, including the forecast revenue and gross margin, discount rates and growth rates • We compared cash flow forecasts used in the impairment review to historical performance and challenged where forecasts indicated performance that deviated significantly from historical performance, in the absence of significant changes in the business or market environment • Discount rates and terminal growth rates were benchmarked to externally derived data and our knowledge of competitor performance, to evaluate the reasonableness of these assumptions. In addition we used an internal specialist to recalculate the discount rate • Sensitivity analysis was performed by management on the key assumptions such as growth, margin and discount rates to identify those assumptions to which that the goodwill or intangible asset valuation was highly sensitive. We have applied further sensitivity to create a severe but plausible downturn scenario and challenged management on the likelihood of such a scenario occurring, and on what remedial actions would be taken

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit:

- The information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The strategic report and Directors' report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us
- The Parent Company financial statements are not in agreement with the accounting records and returns
- Certain disclosures of Directors' remuneration specified by law are not made
- We have not received all the information and explanations we require for our audit

Independent auditor's report continued

To the members of AB Dynamics plc

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 95, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below however the primary responsibility for the prevention and detection of fraud lies with management and those charged with governance of the Company.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and the procedures in place for ensuring compliance. The most significant identified were the Companies Act 2006 and the QCA Corporate Governance Code
- As part of our audit planning process we assessed the different areas of the financial statements, including disclosures, for the risk of material misstatement. This included considering the risk of fraud where direct enquiries were made of management and those charged with governance concerning both whether they had any knowledge of actual or suspected fraud and their assessment of the susceptibility of fraud. We considered the risk was greater in areas that involve significant management estimate or judgement. Based on this assessment we designed audit procedures to focus on the key areas of estimate or judgement, this included specific testing of journal transactions, both at the year end and throughout the year
- We used data analytic techniques to identify any unusual transactions or unexpected relationships, including considering the risk of undisclosed related party transactions

Where the risk was considered to be highest, we performed audit procedures to address these.

Our procedures included:

- Enquiry of management about the Group's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance
- Examining the supporting documents for all material balances, transactions and disclosures
- Review of minutes of meetings about litigations and claims
- Evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions, in particular those items included in the Key Audit Matters
- Analytical procedures to identify an unusual or unexpected relationships
- Testing the appropriateness of a selection of journal entries recorded in the general ledger and other adjustments made in the financial statements
- Review of accounting estimates for biases

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organised schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Matthew Stallabrass
Senior Statutory Auditor
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
11 November 2025

Consolidated statement of comprehensive income

For the year ended 31 August 2025

	Note	2025 Adjusted £m	2025 Adjustments* £m	2025 Statutory £m	2024 Adjusted £m	2024 Adjustments* £m	2024 Statutory £m
Revenue	3	**114.7**	**—**	**114.7**	111.3	—	111.3
Cost of sales		**(43.6)**	**—**	**(43.6)**	(45.0)	—	(45.0)
Gross profit		**71.1**	**—**	**71.1**	66.3	—	66.3
General and administrative expenses		**(47.8)**	**(7.8)**	**(55.6)**	(46.0)	(7.6)	(53.6)
Operating profit		**23.3**	**(7.8)**	**15.5**	20.3	(7.6)	12.7
Operating profit is analysed as:							
Before depreciation and amortisation		**27.8**	**(1.6)**	**26.2**	24.2	(1.2)	23.0
Depreciation and amortisation		**(4.5)**	**(6.2)**	**(10.7)**	(3.9)	(6.4)	(10.3)
Operating profit		**23.3**	**(7.8)**	**15.5**	20.3	(7.6)	12.7
Net finance expense	6	**(0.4)**	**(0.5)**	**(0.9)**	(0.3)	(0.4)	(0.7)
Profit before tax	7	**22.9**	**(8.3)**	**14.6**	20.0	(8.0)	12.0
Tax expense	9	**(4.2)**	**1.6**	**(2.6)**	(3.7)	1.4	(2.3)
Profit for the year		**18.7**	**(6.7)**	**12.0**	16.3	(6.6)	9.7
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**	(1.8)	—	(1.8)
Total comprehensive income for the year		**18.8**	**—**	**12.1**	14.5	(6.6)	7.9
Earnings per share – basic (pence)	11	**81.3p**		**52.2p**	71.0p		42.3p
Earnings per share – diluted (pence)	11	**80.3p**		**51.5p**	70.0p		41.7p

* See note 4.

Consolidated statement of financial position
As at 31 August 2025

	Note	2025 £m	2024 £m
ASSETS			
Non-current assets			
Goodwill	12	**45.3**	44.6
Acquired intangible assets	13	**29.3**	31.3
Other intangible assets	13	**2.9**	2.5
Property, plant and equipment	14	**29.0**	29.7
Right-of-use assets	15	**3.0**	2.8
		109.5	110.9
Current assets			
Inventories	16	**13.9**	14.4
Trade and other receivables	17	**14.3**	14.7
Contract assets	5	**4.6**	2.3
Cash and cash equivalents	18	**44.7**	31.8
		77.5	63.2
Assets held for sale	19	**1.9**	1.9
LIABILITIES			
Current liabilities			
Trade and other payables	20	**19.7**	20.3
Contract liabilities	5	**9.1**	7.5
Short-term lease liabilities	15	**1.1**	1.0
Contingent consideration	28	**6.1**	2.7
		36.0	31.5

	Note	2025 £m	2024 £m
Non-current liabilities			
Deferred tax liabilities	22	**9.7**	7.5
Long-term lease liabilities	15	**2.2**	2.2
Contingent consideration	28	**1.1**	3.5
		13.0	13.2
Net assets		**139.9**	131.3
SHAREHOLDERS' EQUITY			
Share capital	23	**0.2**	0.2
Share premium	23	**62.9**	62.9
Other reserves	24	**0.8**	0.7
Retained earnings		**76.0**	67.5
Total equity		**139.9**	131.3

The financial statements were approved by the Board of Directors and authorised for issue on 11 November 2025 and are signed on its behalf by:

Dr James Routh
Director

Sarah Matthews-DeMers
Director

Company registration number: 08393914

Consolidated statement of changes in equity

For the year ended 31 August 2025

	Note	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	9	—	—	—	0.2	0.2
Dividend paid	10	—	—	—	(1.5)	(1.5)
Issue of shares	23	—	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	9	—	—	—	(0.2)	(0.2)
Dividend paid	10	—	—	—	(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**

The share premium account is a non-distributable reserve representing the difference between the nominal value of shares in issue and the amounts subscribed for those shares.

The items included in the consolidated statement of changes in equity that relate to transactions with owners are share based payments, deferred tax on share based payments, dividends paid, issues of shares and purchases of own shares by the Employee Benefit Trust.

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	25	**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	4	**(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)

	Note	2025 £m	2024 £m
Cash flows used in financing activities			
Drawdown of loans		**—**	3.9
Repayment of loans		**—**	(3.9)
Dividends paid	10	**(1.9)**	(1.5)
(Purchase of own shares)/proceeds from issue of share capital		**(2.1)**	(1.7)
Repayment of lease liabilities	15	**(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	18	**44.7**	31.8

Notes to the consolidated financial statements

For the year ended 31 August 2025

1. General information

AB Dynamics plc is a public 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 consolidated financial statements comprise the Company and its subsidiaries (together referred to as the Group).

The principal activity of the Group is the design, manufacture and supply of advanced testing, simulation and measurement products and services 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.

Basis of preparation

The consolidated financial statements are measured and presented in Sterling. They have been prepared under the historical cost convention, except for financial instruments that have been measured at fair value through profit or loss.

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards. These statements have been prepared on 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.

New accounting standards and interpretations

A number of amended 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.

Standards, amendments and interpretations to published standards not yet effective

The Directors have considered those standards and interpretations, which have not been applied in the financial statements but are relevant to the Group's operations, that are in issue but not yet effective and do not consider that they will have a material impact on the future results of the Group.

2. Summary of material accounting policies

(a) Going concern

The Group's activities and an outline of the developments taking place in relation to its products, services and marketplace are considered in the Chairman's statement and the Chief Financial Officer's review. The principal risks and uncertainties and mitigations are included in the Strategic report.

Note 21 to the consolidated financial statements sets out the Group's financial risks and the management of capital risks.

At 31 August 2025 the Group had £41.4m 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 and Company will have adequate resources to continue in operation for at least twelve months from the signing date of the financial statements.

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 cash flow and covenant requirements. The scenario, which sensitised the forecasts for specific identified risks, modelled the reduction in anticipated levels of cash and the associated reduction of adjusted EBITDA. The scenario considered the principal risks and uncertainties referred to on pages 58 to 60 and modelled the financial impact of all of the below sensitivities to the base case forecast:

- A reduction in demand of 25% over the next two financial years
- A 10% increase in operating costs
- An increase in cash collection cycle
- An increase in input costs resulting in reduction in gross margins 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 and Company will have adequate resources to continue in operational existence for at least twelve months after the date of approval of the financial statements. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

(b) Critical accounting judgements and sources of estimation uncertainty

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, and which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are as stated on the next page.

Notes to the consolidated financial statements continued

For the year ended 31 August 2025

2. Summary of material accounting policies continued

(b) Critical accounting judgements and sources of estimation uncertainty continued

Accounting judgements

Assessment of revenue recognition for long-term revenue contracts

Management judgements are required on a contract-by-contract basis to determine whether revenue from contracts with customers is recognised over time. If the criteria for recognition over time are not met, revenue is recognised at a point in time. Specifically, management judgements are required to determine whether the Group has an enforceable right to payment for work completed to date at all times throughout the duration of the contract. The assessment centres on whether, in the unlikely event of a cancellation of a contract, the customer would be required to compensate the Group for performance completed to date, either as a result of specific terms and conditions in the contract or by assessing the relevant common law interpretation in the relevant jurisdiction as appropriate.

Where the criteria are not met, custom-built laboratory testing and simulator equipment revenue is recognised at a point in time as performance obligations are met on delivery and on installation.

The main timing difference between over time recognition and point in time recognition arises during the build phase, prior to meeting the initial performance obligation on delivery of the equipment. Consequently, the impact on the results is limited to any contracts where the build phase spans a year end. Were a different judgement to be made regarding point in time or over time recognition on these, the amount of revenue recognised in the year could increase or decrease accordingly. For the year ended 31 August 2025, £11.4m was recognised in relation to 10 contracts for custom-built laboratory testing and simulator equipment, with five contracts in the build phase at the year end.

Assets held for sale

Management judgements are required in relation to the classification of assets held for sale, specifically in relation to assessing whether a sale is highly probable. Typically, a sale is deemed to be highly probable when it is expected to qualify for recognition as a completed sale within one year from the date of classification, in addition to the other criteria stipulated in IFRS 5. However, events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset from being classified as held for sale. Where this is the case, management judgements are required to assess whether the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset, in order to continue to meet the assets held for sale criteria.

For the land asset that is classified as held for sale as at 31 August 2025, the delays experienced to date with the sale process have been caused by circumstances outside of the Group's control, including the impact of the pandemic on planning applications. An active sale process is underway at year end pending planning permission and management judges that a sale is highly probable.

Key sources of estimation uncertainty

Assessment of the percentage of completion for long-term revenue contracts

Where laboratory testing and simulator equipment revenue is recognised over time, further management judgements are required in determining the profitability and stage of completion of contracts. This involves regular review by management of project milestones, actual costs incurred against budgeted costs, forecast costs to complete as well as other pertinent information.

The above estimates are made internally by the Group and any changes of these estimates will result in a corresponding change in revenue and profit. A 10% change in the stage of completion would not have a material impact on revenue or profit. Any potential losses on contracts are considered and appropriately recognised immediately upon occurrence, while contract revenue which cannot be estimated reliably is recognised only after confirmed by written agreement.

Other sources of estimation uncertainty

Acquisition accounting

When the Group makes an acquisition, it recognises the identifiable assets and liabilities, including intangible assets, at fair value with the difference between the fair value of net assets acquired and the fair value of consideration paid comprising goodwill.

Intangible assets are recognised when they are controlled through contractual or other legal rights, or are separable from the rest of the business, and their fair value can be reliably measured. Technology, customer relationships, brand and order book have been identified by management as separate intangible assets as they are separable assets and can be reliably measured by valuation of future cash flows. Management does not believe there are any other intangible assets that have arisen on acquisition during the year which can be reliably measured.

The key assumptions and estimates used to determine the valuation of intangible assets acquired are the forecast cash flows, the discount rate and/or customer/supplier attrition. Customer and supplier relationships are valued using a discounted cash flow model. Any changes in the discount rate or cash flow forecast would result in a change between recognised goodwill and intangible assets. Separate intangibles valued on acquisitions made in the year were £4.1m (2024: £5.2m), comprised of £3.7m (2024: £3.4m) in relation to technology, £Nil (2024: £1.5m) in relation to customer relationships and £0.4m (2024: £0.3m) in relation to brand.

(c) Revenue and long-term contracts

The Group principally earns revenue through the sale of manufactured test products for automotive applications and the provision of test and consultancy services and recognises revenue based on the satisfaction of the performance obligations in contracts with customers. A contract with a customer is confirmed and exists when a sales contract has been signed by both parties where the terms and conditions of the sale have been agreed by both parties and it is expected that the entity will be paid by the customer upon completion of the distinct performance obligations in the contract. Goods and services are distinct and accounted for as separate performance obligations if they are separately identifiable in the contract and the customer can benefit from the goods and services either on their own or together with other readily available resources available to the customer. Revenue is recognised in the amount the entity expects to receive for the performance of its obligations to the customer and net of sales taxes. Where contract modifications do occur and the remaining goods and services are not distinct from those already provided then the transaction price is updated, and where necessary a cumulative adjustment is made. This occurs infrequently where insignificant adjustments are made to the equipment supplied or services rendered.

Notes to the consolidated financial statements continued

For the year ended 31 August 2025

2. Summary of material accounting policies continued

(c) Revenue and long-term contracts continued

Transaction prices are set in the contract and are thus fixed upon agreeing to enter into a contract with a customer. The Group does not recognise variable consideration and does not estimate any revenue other than that agreed upon in the contract which is not subject to estimation. Rights of return are present in some contracts, yet these are only triggered by non-performance of the obligations under the contract and after the Group's right to repair lapses. There have been no instances of any right of return clauses being invoked for the Group, and correspondingly no return assets or refund liabilities are recognised.

Where there are multiple performance obligations under a single contract, the Group allocates the transaction price in relation to the stand-alone selling prices for the performance obligations in the contract. Where only one performance obligation is identified in the contract the transaction price is allocated in full. In instances where specific elements are not separated on a contract and invoice, such as training and initial support, these revenue elements are recognised independently with reference to the stand-alone selling prices of these services as if they were provided independently.

Revenue is recognised as the performance obligations in the contract are satisfied and control of the goods and services has transferred to the customer. For each performance obligation the Group determines if the obligation has been settled over time or at a point in time. Performance obligations are satisfied over time if the performance obligation creates an asset with no alternative use for the Group and there is an enforceable right to payment for performance completed to date, or if the customer can simultaneously receive and consume the benefits provided by the Group. When revenue is recognised over time the Group measures progress towards satisfaction of the performance obligations on an output measurement basis, unless input is more appropriate or provides a reasonable proxy for measuring progress of the stage of completion of the contract.

Variations in contract work and claims are recognised to the extent that they have been agreed with the customer. The probability of a profitable outcome of the contract is determined by regular review by management of project milestones, actual costs against budgeted costs and any other pertinent information. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. The aggregate of the cost incurred and the profit/loss recognised on each contract is compared against the progress billings up to the year end.

Contract assets (accrued revenue) and contract liabilities (amounts received in advance of performance delivery) are recognised separately.

Supply of manufactured products

The majority of the Group's revenue is derived from the sale of manufactured products, which is broken down into two categories, being standard products and bespoke products. Revenue recognition on standard products which the Group regularly manufactures and sells is measured at the transaction price that is expected to flow to the Group and recognised at a point in time when the Group has transferred control to the customer in line with the Incoterms as agreed with the customer.

Revenue from custom-built laboratory and simulator equipment is recognised over time as the Group has no alternative use for these custom-built pieces of equipment and the Group has an enforceable right to payment, plus a reasonable profit margin throughout the life of the contract. The Group performs an assessment on a contract-by-contract basis of the appropriate measure of progress towards satisfaction of performance obligations. Where an output measurement basis is used, surveys of work performed are used to assess the percentage of completion of the contract. Where this is not appropriate progress is measured using an input basis by assessing the costs incurred over the total expected costs to satisfy the obligations in the contract as well as the costs to complete. When criteria for over time recognition are not met, revenue is recognised at a point in time on delivery based on the Incoterms.

Supply of services

The Group recognises revenue from the provision of services to customers which include support, road testing, track testing, installation and training. Services are a single performance obligation in the contract with customers. For road testing, track testing and training services revenue is recognised over time as the services are delivered on a straight-line basis over the period in which the services are performed. For support services under a subscription contract with the customer, revenue is recognised at the transaction price on a straight-line basis over the contractual period. Installation service revenue is recognised when the installation is complete and the customer can obtain the benefits of the installation.

Supply of software

The Group's software products are sold on licensing arrangements for set contracted periods in contracts with customers. These contracts provide the customer the right to access the product during the licence period. A new or renewed licence is a single performance obligation and revenue is recognised on a straight-line basis over the licence period. Where perpetual licences are sold, revenue is recognised in full on the delivery of the licence.

(d) Basis of consolidation

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control over the operating and financial decisions is obtained and cease to be consolidated from the date on which control is transferred out of the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

All intercompany balances and transactions, including recognised gains arising from inter-group transactions, have been eliminated in full. Unrealised losses are eliminated in the same manner as recognised gains except to the extent that they provide evidence of impairment.

(e) Acquisitions

Acquisitions are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Goodwill at the acquisition date represents the cost of the business combination (excluding acquisition related costs, which are expensed as incurred) in excess of the fair value of the identifiable tangible and intangible assets and liabilities acquired. Any contingent consideration payable is recognised at fair value at the acquisition date and held at fair value through profit and loss. Costs in relation to the unwinding of discounting are recognised as a finance expense.

Notes to the consolidated financial statements continued

For the year ended 31 August 2025

2. Summary of material accounting policies continued

(f) Inventories

Inventories are valued on a first in, first out basis at the lower of cost and net realisable value. Cost includes all expenditure incurred during the normal course of business in bringing in inventories to their present location and condition, including in the case of work-in-progress and finished goods an appropriate proportion of production overheads. Net realisable value is based on the estimated selling price less further costs expected to be incurred to completion and subsequent disposal. Inventory is expensed to cost of sales on consumption which includes direct labour and direct overheads.

(g) Financial instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously. A financial instrument is recognised initially at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss or loans and receivables financial assets. The Group does not hold any financial assets at fair value through other comprehensive income.

Financial assets at fair value through profit or loss

As at the end of the reporting period, there were no foreign currency forward contracts classified under this category.

Financial assets at amortised cost

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as financial assets held at amortised cost when the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets held at amortised cost are recognised under an expected credit loss approach, in accordance with IFRS 9. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(ii) Financial liabilities

All financial liabilities are initially recorded at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

The fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

(iii) Equity instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Interim dividends are recognised when paid and final dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(iv) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value. The method of recognising any resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

(h) Property, plant and equipment

Property, plant and equipment is initially recorded at cost. Once the asset is available for use, depreciation is calculated at the rate estimated to write off the cost of the relevant asset, less any estimated residual value, on either a straight-line basis or reducing balance basis over its expected useful life.

Plant and machinery	10% straight line
Motor vehicles	20%–25% straight line
Furniture and fittings	10% straight line
Computer equipment	25%–33% straight line
General equipment	10%–20% straight line
Test equipment	10%–20% straight line
Buildings	2%–5% straight line

(i) Intangible assets

All intangible assets, excluding goodwill arising on a business combination, are stated at their amortised cost or fair value at initial recognition less any provision for impairment.

(i) Research and development costs

Research expenditure is written off as incurred. Development costs incurred on projects where the Group retains ownership of intellectual property and the related expenditure is separately identifiable and measurable, and management is satisfied as to the ultimate technology and commercial viability of the project and that the asset will generate future economic benefits, are recognised as an intangible asset. The assets are amortised on a straight-line basis over the asset’s useful life of between three and five years.

Notes to the consolidated financial statements continued

For the year ended 31 August 2025

2. Summary of material accounting policies continued

(i) Intangible assets continued

(ii) Computer software costs

Where computer software is not integral to an item of property, plant or equipment its costs are capitalised as other intangible assets. Amortisation is provided on a straight-line basis over its useful economic life of between three and seven years.

(iii) Acquired intangible assets – business combinations

Intangible assets that may be acquired as a result of a business combination include, but are not limited to, customer lists, supplier lists, databases, technology and software and patents that can be separately measured at fair value, on a reliable basis. They are separately recognised on acquisition at fair value, together with the associated deferred tax liability. Amortisation is charged on a straight-line basis to the consolidated income statement over the expected useful economic lives.

	Economic life
Customer relationships	7–10 years
Brand	5–10 years
Technology	5–10 years

(iv) Goodwill – business combinations

Goodwill arising on the acquisition of a subsidiary represents the excess of the aggregate of the fair value of the consideration over the aggregate fair value of the identifiable intangible, tangible and current assets and net of the aggregate fair value of the liabilities (including contingent liabilities of businesses acquired at the date of acquisition). Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Transaction costs are expensed and are not included in the cost of acquisition.

(j) Impairment of tangible and intangible assets

An impairment loss is recognised to the extent that the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset or CGU is the higher of: (i) its fair value less costs to sell; and (ii) its value in use. Its value in use is the present value of the future cash flows expected to be derived from the asset or CGU, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit. The pre-tax discount rates are derived from the post-tax weighted cost of capital. Assumptions used in the calculation of the Group's weighted average cost of capital are benchmarked to externally available data. The pre-tax discount rate applied in the value-in-use calculations for the financial year ranged from 11.9% to 15.9%. The discount rate applied reflects the different markets and associated risks within those jurisdictions in which the Group operates. Stress testing was performed on the value-in-use calculations to consider the impact of reasonably possible downside scenarios over the forecast period including, separately, a 1% increase in the discount rate applied, a 0.5% decrease in the growth rate and a 10% reduction in cash flows. None of these scenarios resulted in any CGUs requiring impairment.

Impairment losses are recognised immediately in the consolidated income statement.

(i) Impairment of goodwill

Goodwill acquired in a business combination is allocated to a CGU; CGUs for this purpose represent the lowest level within the Group at which the goodwill is monitored by the Group's Board of Directors for internal and management purposes. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the goodwill attributable to the CGU. Impairment losses cannot be subsequently reversed.

(ii) Impairment of other tangible and intangible assets

Other tangible and intangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Impairment losses and any subsequent reversals are recognised in the consolidated income statement.

(k) Taxation

The income tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(l) Share based payments

Employees (including Directors and senior executives) of the Group receive remuneration in the form of share based payment transactions, whereby these individuals render services as consideration for equity instruments (equity-settled transactions). These individuals are granted share option rights approved by the Board which can only be settled in shares of the respective companies that award the equity-settled transactions. No cash-settled awards have been made or are planned.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant individuals become fully entitled to the award (vesting point).

Notes to the consolidated financial statements continued

For the year ended 31 August 2025

2. Summary of material accounting policies continued

(l) Share based payments continued

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments and value that will ultimately vest. The statement of comprehensive income charge for the year represents the movement in the cumulative expense recognised as at the beginning and end of that period.

The fair value of share based remuneration is determined at the date of grant and recognised as an expense in profit or loss on a straight-line basis over the vesting period, taking account of the estimated number of shares that will vest. The fair value is determined by use of Black Scholes model method or Monte Carlo simulation as appropriate.

(m) Foreign currencies

(i) Reporting foreign currency transactions in functional currency

The Group's consolidated financial statements are presented in pounds Sterling. Items included in the financial statements of each of the Group's subsidiaries are measured using the functional currency of the primary economic environment in which the subsidiary operates. Transactions in currencies other than the entity's functional currency (foreign currencies) are initially recorded at the rates of exchange prevailing on the dates of the transactions. At each subsequent balance sheet date:

(a) Foreign currency monetary items are retranslated at the rates prevailing at the balance sheet date. Exchange differences arising on the settlement or retranslation of monetary items are recognised in the consolidated income statement

(b) Non-monetary items measured at historical cost in a foreign currency are not retranslated

(c) Non-monetary items measured at fair value in a foreign currency are retranslated using the exchange rates at the date the fair value was determined. Where a gain or loss on non-monetary items is recognised directly in equity, any exchange component of that gain or loss is also recognised directly in equity and, conversely, where a gain or loss on a non-monetary item is recognised in the consolidated income statement, any exchange component of that gain or loss is also recognised in the consolidated income statement

(ii) Translation from functional currency to presentational currency

When the functional currency of a Group entity is different from the Group's presentational currency, its results and financial position are translated into the presentational currency as follows:

(a) Assets and liabilities are translated using exchange rates prevailing at the reporting date

(b) Income and expense items are translated at average exchange rates for the year, except where the use of such an average rate does not approximate the exchange rate at the date of the transaction, in which case the transaction rate is used

(c) All resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity in other reserves; these cumulative exchange differences are recognised in the consolidated income statement in the period in which the foreign operation is disposed of

(iii) Net investment in foreign operations

Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation are recognised in the consolidated income statement in the separate financial statements of the reporting entity or the foreign operation as appropriate. In the consolidated financial statements such exchange differences are initially recognised in other comprehensive income as a separate component of equity and subsequently recognised in the consolidated income statement on disposal of the net investment.

(n) Assets held for sale

Assets held for sale are assets previously classified as non-current which are expected to be sold rather than held for continuing use. These have principally arisen as part of a review of our physical estate. Assets held for sale have not been sold at the balance sheet date but are being actively marketed for sale, with a high probability of completion within twelve months.

(o) Alternative performance measures

The principal alternative performance measures presented are adjusted measures of earnings including adjusted operating profit, adjusted operating margin, adjusted profit before tax, adjusted EBITDA, adjusted earnings per share and adjusted cash flow from operations. Alternative performance measures are measures used after adjusting for certain items of income and expense which, because of the nature, size and/or infrequency of the events giving rise to them, merit separate presentation. These specific items are presented separately within the income statement to provide greater clarity and a better understanding of the impact of these items on the Group's financial performance. In doing so, it also facilitates greater comparison of the Group's underlying results with prior periods and assessment of trends in financial performance. This split is consistent with how underlying business performance is measured internally.

For the purposes of calculating alternative performance measures, adjustments may include but are not restricted to: adjustments to the fair value of acquisition related items such as contingent consideration, acquired intangible asset amortisation and other exceptional items due to their significance, size or nature, and the related taxation.

(p) Leases

At the lease commencement date (i.e. the date the underlying asset is available for use), the Group recognises a right-of-use asset and a lease liability on the balance sheet. The lease liability is initially measured at the present value of future lease payments, discounted using the Group's incremental borrowing rate. This is the rate that we would have to pay for a loan of a similar term, and with similar security, to obtain an asset of similar value. The right-of-use asset is initially measured at cost, comprising the initial value of the lease liability, any lease payments made before commencement of the lease, any initial direct costs and any restoration costs. The asset is recorded as property, plant and equipment and is depreciated over the shorter of its estimated useful economic life and the lease term on a straight-line basis. The finance cost is charged to the income statement over the lease term to produce a constant periodic rate of interest on the lease liability. The lease payment is allocated between repayment of the lease liability and finance cost. The Group applies the short-term lease recognition exemption to those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option. It also applies the low-value assets recognition exemption to leases of assets below £5,000. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Notes to the consolidated financial statements continued

For the year ended 31 August 2025

3. Segment reporting

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					2024				
	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	**74.3**	**18.0**	**22.4**	**—**	**114.7**	69.4	16.7	25.2	—	111.3
Adjusted operating profit	**16.9**	**4.4**	**5.0**	**(3.0)**	**23.3**	13.2	4.2	7.0	(4.1)	20.3
Adjusted operating profit is analysed as:										
Before depreciation and amortisation	**19.4**	**5.8**	**5.5**	**(2.9)**	**27.8**	15.5	5.3	7.5	(4.1)	24.2
Depreciation and amortisation	**(2.5)**	**(1.4)**	**(0.5)**	**(0.1)**	**(4.5)**	(2.3)	(1.1)	(0.5)	—	(3.9)
Adjusted operating profit	**16.9**	**4.4**	**5.0**	**(3.0)**	**23.3**	13.2	4.2	7.0	(4.1)	20.3
Amortisation of acquired intangibles	**(0.5)**	**(3.4)**	**(2.3)**	**—**	**(6.2)**	—	(3.4)	(3.0)	—	(6.4)
Adjusting items	**—**	**—**	**—**	**(1.6)**	**(1.6)**	—	—	—	(1.2)	(1.2)
Operating profit	**16.4**	**1.0**	**2.7**	**(4.6)**	**15.5**	13.2	0.8	4.0	(5.3)	12.7
Net finance expense					**(0.9)**					(0.7)
Profit before tax					**14.6**					12.0
Tax expense					**(2.6)**					(2.3)
Profit for the year					**12.0**					9.7

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

Notes to the consolidated financial statements continued

For the year ended 31 August 2025

3. Segment reporting continued

Analysis of revenue by destination:

	2025 £m	2024 £m
Europe (including United Kingdom)	**31.8**	36.8
North America	**29.4**	25.9
Asia Pacific	**53.3**	48.4
Rest of the World	**0.2**	0.2
	114.7	111.3

One customer individually represents more than 10% of total revenue (2024: no customers individually represent more than 10% of total revenue).

Revenue recognised over time during the year was £17.9m (2024: £12.7m).

Assets and liabilities by segment are not reported to the Board of Directors therefore they are not used as key decision making tools 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

4. 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, 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.

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

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

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.

	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 on 25 September 2024 and the businesses acquired in previous years, Venshure Test Services, Ansible Motion, DRI, rFpro and VadoTech.

Acquisition related costs

The costs in the current year relate to the acquisition of Bolab, and the costs in the prior year relate 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.

Notes to the consolidated financial statements continued

For the year ended 31 August 2025

4. Alternative performance measures continued

Acquisition related finance costs

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

Tax

The tax impact of these adjustments was as follows: amortisation £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 the ERP development costs and £0.5m (2024: £0.2m) in relation to acquisition costs.

5. Disclosure of revenue from contracts with customers

Contract balances

The Group has recognised the following revenue related contract assets and liabilities:

	2025 £m	2024 £m
Contract assets (i)	**4.6**	2.3
Contract liabilities (ii)	**9.1**	7.5

(i) Significant changes in contract assets

Contract assets have increased by 100% during the year reflecting work on a large contract being performed in advance of the payment schedule.

(ii) Significant changes in contract liabilities

This balance consists of deferred income and payments received in advance. The increase in contract liabilities was primarily due to the timing of order placement for laboratory testing equipment, resulting in a higher amount of payments received in advance as at the year end. At 31 August 2025 there was £6.8m (2024: £4.8m) of deferred income, primarily relating to the supply of support and software, where revenue is recognised over the period in which these obligations are performed.

Of the £7.5m of contract liabilities at the beginning of the period, £5.8m was recognised as revenue during the year.

Remaining performance obligations as at 31 August 2025

Outstanding performance obligations at 31 August 2025 were £32.3m (2024: £30.3m). The related revenue is expected to be recognised over the next 12 months as these performance obligations are satisfied, except for performance obligations to build and deliver laboratory testing and simulator equipment, where the typical length of time is 18–24 months.

Assets recognised from costs to obtain or fulfil customer contracts

No amounts have been recognised in relation to these categories of assets as at 31 August 2025 (2024: Nil).

6. Net finance expense

	2025 £m	2024 £m
Finance expense	**0.4**	0.3
Unwinding of discount on contingent consideration	**0.5**	0.4
Net finance expense	**0.9**	0.7

7. Profit before tax

The profit before tax is stated after charging:

	2025 £m	2024 £m
Depreciation of tangible fixed assets	**2.9**	2.4
Depreciation of right-of-use assets	**1.2**	1.1
Amortisation of other intangible assets	**0.4**	0.4
Amortisation of acquired intangible assets	**6.2**	6.4
Realised loss on foreign exchange	**0.4**	0.6
ERP development costs	**1.1**	1.0
Staff costs:		
– Wages and salaries	**33.0**	29.8
– Social security costs	**3.2**	2.8
– Other pension costs	**1.7**	1.4
Share based payments	**0.7**	1.4
Contractor costs	**1.6**	2.2
Research and development costs charged as an expense	**0.2**	0.7

Auditor's remuneration

	2025 £m	2024 £m
Fees payable to the Group's auditor during the year for:		
– The audit of the Company's financial statements	**0.1**	0.1
– The audit of the Company's subsidiaries	**0.1**	0.1
	0.2	0.2

Notes to the consolidated financial statements continued

For the year ended 31 August 2025

8. Employees

The average monthly number of employees, including Directors, during the year was as follows:

	2025 No.	2024 No.
Directors and commercial	**23**	21
Engineers and technicians	**464**	419
Administration	**79**	72
	566	512

The total number of employees at the year end was 553 (2024: 555).

Total remuneration of key management personnel, being the Directors of the Company and the members of the Executive Committee, is set out below:

	2025 £m	2024 £m
Short-term employee benefits	**2.4**	2.6
Post-employment benefits	**0.1**	0.1
Social security costs	**0.2**	0.2
Share based payments – equity settled	**0.4**	1.2
	3.1	4.1

Further details relating to the remuneration of the Directors of the Company can be found on page 88 in the Remuneration Committee report. The total remuneration paid to or receivable by the Directors of the Group in respect of qualifying services is £3.1m (2024: £2.0m). Pension contributions totalling £22,000 (2024: £6,000) were made into the defined contribution scheme for two Directors in the year (2024: two).

9. Tax expense

	2025 £m	2024 £m
Current tax:		
– For the financial year	**2.4**	3.4
– Adjustments in respect of prior year	**(0.8)**	(0.2)
	1.6	3.2
Deferred tax (note 22):		
– Origination and reversal of temporary differences	**0.9**	(1.0)
– Adjustments in respect of prior year	**0.1**	0.1
	2.6	2.3

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% (2024: 25%) as set out below.

The effective rate of tax on the adjusted profit before tax is 18.3% (2024: 18.5%).

The tax charge can be reconciled to the consolidated income statement as follows:

	2025 £m	2024 £m
Profit before tax	**14.6**	12.0
Tax at the applicable statutory rate of 25% (2024: 25%):	**3.6**	3.0
Tax effects of:		
Non-deductible expenses	**0.4**	0.5
Adjustments in respect of prior year	**(0.7)**	(0.1)
Patent Box relief*	**(1.1)**	(1.4)
(Decrease)/increase in tax risk provision	**(0.1)**	0.2
Overseas tax rates	**0.5**	0.1
Tax expense for the financial year	**2.6**	2.3

* Patent Box relief represents the tax effect of the reduced amount payable on profits that fall within the Patent Box regime.

In addition to the amount charged to the consolidated income statement, the following amounts relating to tax have been recognised directly in equity:

	2025 £m	2024 £m
Deferred tax		
Change in estimated excess tax deductions related to share based payments	**0.2**	(0.2)
Total income tax recognised directly in equity	**0.2**	(0.2)

Factors affecting the tax charge in future years

The Group's future tax charge could be affected by several factors including: tax reform in the UK, the USA, Germany, Japan, Singapore or China, including any arising from the European Commission initiatives such as the proposed Tax and Financial Reporting Directive, changes to eligibility for the RDEC, any future acquisitions and availability of R&D and Patent Box relief.

Notes to the consolidated financial statements continued

For the year ended 31 August 2025

10. Dividends paid

	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**	—
	1.9	1.5

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.

11. 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 dilutive potential 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 (pence)	**52.2p**	42.3p
Diluted earnings per share (pence)	**51.5p**	41.7p
Adjusted profit for the year attributable to owners of the Group (£m)	**18.7**	16.3
Adjusted earnings per share (pence)	**81.3p**	71.0p
Adjusted diluted earnings per share (pence)	**80.3p**	70.0p

12. Goodwill

	VadoTech Group £m	DRI £m	rFpro £m	Ansible Motion £m	Venshure Test Services £m	Bolab £m	Total £m
At 1 September 2024	6.2	8.8	7.5	14.0	8.1	—	44.6
Acquisitions	—	—	—	—	—	1.0	1.0
Exchange differences	0.1	(0.2)	—	—	(0.2)	—	(0.3)
At 31 August 2025	**6.3**	**8.6**	**7.5**	**14.0**	**7.9**	**1.0**	**45.3**

	VadoTech Group £m	DRI £m	rFpro £m	Ansible Motion £m	Venshure Test Services £m	Bolab £m	Total £m
At 1 September 2023	6.3	9.1	7.5	14.0	—	—	36.9
Acquisitions	—	—	—	—	8.5	—	8.5
Exchange differences	(0.1)	(0.3)	—	—	(0.4)	—	(0.8)
At 31 August 2024	6.2	8.8	7.5	14.0	8.1	—	44.6

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of the goodwill has been allocated to the CGUs to which they relate.

The Group tests goodwill at least annually for impairment. Tests are conducted more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations have been individually estimated for each CGU and include the discount rates and expected changes to cash flows during the period for which management has detailed plans.

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to each of the CGUs. Pre-tax discount rates, derived from the Group’s post-tax weighted average cost of capital which have been adjusted for a premium specific to each of the CGUs to account for differences in currency risk, country risk and other factors affecting specific CGUs, have been used to discount projected cash flows. The pre-tax discount rate applied in the value-in-use calculations for the financial year ranged from 11.9% to 15.9%.

Expected changes to cash flows during the period for which management has detailed plans relate to revenue forecasts and forecast operating margins in each of the operating companies. The relative value ascribed to each varies between CGUs as the budgets are built up from the underlying operating companies within each CGU, but the key assumption for each CGU is growth resulting from the long-term drivers in the industry, including the increase in ADAS and autonomy and increased regulation.

Notes to the consolidated financial statements continued

For the year ended 31 August 2025

12. Goodwill continued

The calculations have used the Group's forecast figures for the next three years. This is based on data derived from the three-year plan that has been approved by the Board. At the end of three years, the calculations assume the performance of the CGUs will grow at a nominal annual rate of 1.5%. Growth rates are based on management's view of industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes. The weighted average cost of capital is derived using beta values of a comparator group of companies adjusted for funding structures as appropriate.

Following a detailed review, no impairment losses were recognised in the year ended 31 August 2025.

Sensitivity testing was performed on the forecasts to consider the impact of reasonably possible downside scenarios over the forecast period, including a 1% increase in the discount rate, a 0.5% decrease in the growth rate and a 10% reduction in cash flows. None of these scenarios resulted in any CGUs requiring impairment.

13. Acquired and other intangible assets

	Customer relationships £m	Brand £m	Technology £m	**Total acquired intangible assets £m**	Capitalised development costs £m	**Total other intangible assets £m**
Cost						
At 1 September 2024	25.2	3.0	30.2	**58.4**	3.8	**3.8**
Additions	—	—	—	**—**	0.8	**0.8**
Acquisitions	—	0.4	3.7	**4.1**	—	**—**
Exchange differences	0.2	—	(0.1)	**0.1**	—	**—**
At 31 August 2025	**25.4**	**3.4**	**33.8**	**62.6**	**4.6**	**4.6**
Amortisation						
At 1 September 2024	12.1	1.3	13.7	**27.1**	1.3	**1.3**
Charge for the year	3.1	0.5	2.6	**6.2**	0.4	**0.4**
Exchange differences	0.2	—	(0.2)	**—**	—	**—**
At 31 August 2025	**15.4**	**1.8**	**16.1**	**33.3**	**1.7**	**1.7**
Net book value						
At 31 August 2024	13.1	1.7	16.5	**31.3**	2.5	**2.5**
At 31 August 2025	**10.0**	**1.6**	**17.7**	**29.3**	**2.9**	**2.9**

Internally generated additions total £0.5m (2024: £0.1m).

Notes to the consolidated financial statements continued

For the year ended 31 August 2025

13. Acquired and other intangible assets continued

	Customer relationships £m	Brand £m	Technology £m	**Total acquired intangible assets £m**	Capitalised development costs £m	**Total other intangible assets £m**
Cost						
At 1 September 2023	24.2	2.7	27.0	**53.9**	3.8	**3.8**
Additions	—	—	—	**—**	0.2	**0.2**
Acquisitions	1.5	0.3	3.4	**5.2**	—	**—**
Disposals	—	—	—	**—**	(0.2)	**(0.2)**
Exchange differences	(0.5)	—	(0.2)	**(0.7)**	—	**—**
At 31 August 2024	25.2	3.0	30.2	**58.4**	3.8	**3.8**
Amortisation						
At 1 September 2023	9.1	0.9	11.0	**21.0**	1.0	**1.0**
Charge for the year	3.2	0.4	2.8	**6.4**	0.4	**0.4**
Disposals	—	—	—	**—**	(0.1)	**(0.1)**
Exchange differences	(0.2)	—	(0.1)	**(0.3)**	—	**—**
At 31 August 2024	12.1	1.3	13.7	**27.1**	1.3	**1.3**
Net book value						
At 31 August 2023	15.1	1.8	16.0	**32.9**	2.8	**2.8**
At 31 August 2024	13.1	1.7	16.5	**31.3**	2.5	**2.5**

Acquired intangible assets relate to items acquired through business combinations which are amortised over their useful economic lives.

Other intangible assets comprise acquired intellectual property and capitalised development costs.

Notes to the consolidated financial statements continued

For the year ended 31 August 2025

14. Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Test equipment £m	Motor vehicles £m	Total £m
Cost					
At 1 September 2024	22.7	9.5	4.2	0.6	37.0
Additions	—	1.1	1.1	0.1	2.3
Acquisitions	—	—	0.3	—	0.3
Disposals	—	(0.5)	(0.5)	—	(1.0)
Exchange differences	—	(0.1)	—	—	(0.1)
At 31 August 2025	**22.7**	**10.0**	**5.1**	**0.7**	**38.5**
Accumulated depreciation					
At 1 September 2024	2.7	2.0	2.2	0.4	7.3
Charge for the year	0.6	1.5	0.7	0.1	2.9
Disposals	—	(0.3)	(0.3)	—	(0.6)
Exchange differences	—	(0.1)	—	—	(0.1)
At 31 August 2025	**3.3**	**3.1**	**2.6**	**0.5**	**9.5**
Net book value					
At 31 August 2024	20.0	7.5	2.0	0.2	29.7
At 31 August 2025	**19.4**	**6.9**	**2.5**	**0.2**	**29.0**

	Land and buildings £m	Plant and equipment £m	Test equipment £m	Motor vehicles £m	Total £m
Cost					
At 1 September 2023	22.6	5.8	3.0	0.6	32.0
Additions	0.2	2.1	1.2	—	3.5
Acquisitions	—	3.3	—	—	3.3
Disposals	—	(1.5)	—	—	(1.5)
Exchange differences	(0.1)	(0.2)	—	—	(0.3)
At 31 August 2024	22.7	9.5	4.2	0.6	37.0
Accumulated depreciation					
At 1 September 2023	2.1	2.2	1.5	0.4	6.2
Charge for the year	0.6	1.1	0.7	—	2.4
Disposals	—	(1.2)	—	—	(1.2)
Exchange differences	—	(0.1)	—	—	(0.1)
At 31 August 2024	2.7	2.0	2.2	0.4	7.3
Net book value					
At 31 August 2023	20.5	3.6	1.5	0.2	25.8
At 31 August 2024	20.0	7.5	2.0	0.2	29.7

Included within land and buildings are assets under construction of £2.5m (2024: £2.3m). These assets are not depreciated.

There were no capital commitments contracted and not yet provided for in these financial statements.

Notes to the consolidated financial statements continued

For the year ended 31 August 2025

15. Leases

Right-of-use assets

	Land and buildings £m	Total £m
Cost		
At 1 September 2024	3.9	3.9
Additions	1.2	1.2
Acquisitions	0.2	0.2
Disposals	(0.9)	(0.9)
Exchange differences	0.1	0.1
At 31 August 2025	**4.5**	**4.5**
Accumulated depreciation		
At 1 September 2024	1.1	1.1
Charge for the year	1.2	1.2
Disposals	(0.8)	(0.8)
Exchange differences	—	—
At 31 August 2025	**1.5**	**1.5**
Net book value		
At 31 August 2024	2.8	2.8
At 31 August 2025	**3.0**	**3.0**

	Land and buildings £m	Total £m
Cost		
At 1 September 2023	3.3	3.3
Additions	1.9	1.9
Acquisitions	0.5	0.5
Disposals	(1.8)	(1.8)
Exchange differences	—	—
At 31 August 2024	3.9	3.9
Accumulated depreciation		
At 1 September 2023	1.9	1.9
Charge for the year	1.1	1.1
Disposals	(1.8)	(1.8)
Exchange differences	(0.1)	(0.1)
At 31 August 2024	1.1	1.1
Net book value		
At 31 August 2023	1.4	1.4
At 31 August 2024	2.8	2.8

Lease liabilities

	2025 £m	2024 £m
Maturity analysis – contractual undiscounted cash flows		
Less than one year	**1.2**	1.2
One to five years	**2.5**	2.4
Total undiscounted cash flows	**3.7**	3.6
Discount	**(0.4)**	(0.4)
Total lease liabilities	**3.3**	3.2
Current	**1.1**	1.0
Non-current	**2.2**	2.2

Notes to the consolidated financial statements continued

For the year ended 31 August 2025

15. Leases continued

Amounts recognised in the consolidated statement of comprehensive income

	2025 £m	2024 £m
Depreciation of right-of-use assets	1.2	1.2
Interest on lease liabilities	0.2	0.1

Amounts recognised in the consolidated cash flow statement

	2025 £m	2024 £m
Principal lease payments	1.3	1.2
Interest payments on leases	0.2	0.1

16. Inventories

	2025 £m	2024 £m
Raw materials	10.2	4.3
Work-in-progress	1.9	6.0
Finished goods	1.8	4.1
	13.9	14.4

The value of inventories recognised as an expense during the year was £31.1m (2024: £34.1m). During the year the amount of write down of inventories recognised as an expense was £Nil (2024: £0.2m).

17. Trade and other receivables

	2025 £m	2024 £m
Trade receivables	12.2	11.8
Less: credit loss provision	(0.5)	(0.8)
	11.7	11.0
Other receivables	1.2	2.5
Prepayments	1.4	1.2
	14.3	14.7

Other receivables consist mainly of VAT, withholding taxes and deposits.

The maximum exposure to credit risk for trade receivables at 31 August, by currency, was:

	2025 £m	2024 £m
Sterling	3.0	0.9
Euro	4.2	4.7
US Dollar	3.0	5.3
Japanese Yen	1.5	0.1
	11.7	11.0

Trade receivables, before credit loss provisions, are analysed as follows:

	2025 £m	2024 £m
Not past due	9.2	9.4
Past due, no credit loss for impairment	2.5	1.6
Past due, credit loss for impairment	0.5	0.8
	12.2	11.8

The ageing of trade receivables, classified as past due, but not impaired, is as follows:

	2025 £m	2024 £m
Less than three months past due	2.4	1.6
Over three months past due	0.1	—
	2.5	1.6

Credit loss provision:	2025 £m	2024 £m
At 1 September	0.8	1.0
Credited in the year	(0.3)	(0.2)
At 31 August	0.5	0.8

Notes to the consolidated financial statements continued
For the year ended 31 August 2025

18. Cash and cash equivalents

	2025 £m	2024 £m
Cash at bank:		
– Sterling	**23.7**	17.4
– Euro	**11.0**	6.4
– US Dollar	**7.7**	4.4
– Japanese Yen	**1.7**	3.2
– Other currencies	**0.6**	0.4
	44.7	31.8

Net cash

	2025 £m	2024 £m
Cash and cash equivalents	**44.7**	31.8
Lease liabilities	**(3.3)**	(3.2)
	41.4	28.6

19. Assets held for sale

Following a review of our existing manufacturing locations, previously acquired land is surplus to requirements and has been classified as held for sale. It is held at the lower of carrying amount and fair value less costs to sell of £1.9m. The sale is expected to be completed during FY 2026.

20. Trade and other payables

	2025 £m	2024 £m
Trade payables	**7.2**	5.6
Social security and other taxes	**1.4**	1.7
Other payables and accruals	**11.1**	13.0
	19.7	20.3

Other payables and accruals comprise accrued expenses and accrued employee related costs.

The maximum exposure to foreign currency risk for trade payables at 31 August, by currency, was:

	2025 £m	2024 £m
Sterling	**1.2**	1.9
Euro	**1.3**	0.5
US Dollar	**4.6**	3.1
Japanese Yen	**0.1**	0.1
	7.2	5.6

21. Financial instruments

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The overall financial risk management policy focuses on mitigating the potential adverse effects on the Group's financial performance.

(a) Currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Sterling. The transactional exposure arises on trade receivables, trade payables and cash and cash equivalents and these balances are analysed by currency in notes 17, 18 and 20. Currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group maintains a natural hedge whenever possible, by the cash inflows (revenue stream) and cash outflows used for purposes such as capital expenditure and operational expenditure in the respective currencies. Forward exchange contracts are used to manage transactional exposure where appropriate.

Management considers that the most significant foreign exchange risk relates to US Dollar, Euro and Japanese Yen. The sensitivity to a 10% strengthening in Sterling against each of these currencies (with other variables held constant) on the translation of the Group's consolidated income statement is as follows:

	2025 £m	2024 £m
Decrease in adjusted operating profit (at average rates):		
US Dollar	**0.5**	0.3
Euro	**0.5**	0.5
Japanese Yen	**0.2**	0.2

Notes to the consolidated financial statements continued

For the year ended 31 August 2025

21. Financial instruments continued

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets being interest-bearing bank deposits. The Group's policy is to obtain the most favourable interest rates available whilst ensuring that cash is deposited with a financial institution with a credit rating of 'AA' or better. Any surplus funds are placed with licensed financial institutions to generate interest income.

A 100 basis points strengthening/weakening of the interest rate as at the end of the reporting period would have a £300,000 impact on profit after taxation and equity. This assumes that all other variables remain constant.

(c) Equity price risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

(d) Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and cash equivalents), the Group seeks to minimise credit risk by dealing exclusively with high credit rating counterparties. An analysis of the ageing and currency of trade receivables is set out in note 17. An analysis of cash and cash equivalents is set out in note 18.

The Group establishes an allowance for impairment that represents its expected credit loss in respect of the trade and other receivables as appropriate. In addition to expected credit losses provision, the Group's policy is to provide in full for specific items within trade receivables, being those outstanding for more than 90 days beyond agreed terms, except where strong evidence for the recoverability of the balance exists, and those where there is uncertainty regarding recoverability. Expected credit losses are estimated by management based on prior experience and the current economic environment.

The Group's major concentration of credit risk at 31 August 2025 relates to the amounts owing by 20 customers which constituted approximately 67% of its trade receivables as at the end of the reporting period. As the Group does not have collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:

	2025 £m	2024 £m
North America	**2.7**	3.1
United Kingdom	**1.3**	1.7
Europe	**2.7**	3.3
Rest of the World	**5.0**	2.9
	11.7	11.0

(e) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to ensure as far as possible that it will have sufficient liquidity to meet its liabilities when they fall due.

The following table details the Group's contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The Group's undiscounted financial liabilities are as follows:

	2025 £m	2024 £m
Trade payables	**7.2**	5.6
Other payables	**11.1**	13.0
Lease liabilities	**3.7**	3.6
Contingent consideration	**7.7**	6.7
	29.7	28.9
The maturities of the undiscounted liabilities are as follows:		
Less than one year	**25.9**	22.5
One to five years	**3.8**	6.4
Total undiscounted cash flows	**29.7**	28.9
Discount	**(0.9)**	(0.9)
Total liabilities	**28.8**	28.0
Current	**25.5**	22.3
Non-current	**3.3**	5.7
Total liabilities	**28.8**	28.0

Notes to the consolidated financial statements continued

For the year ended 31 August 2025

21. Financial instruments continued

(f) Capital risk management

Capital is defined as the total equity of the Group. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of the dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group manages its capital based on debt-to-equity ratio. The strategies adopted were unchanged during the period under review and from those adopted in the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings, including lease liabilities, less cash and cash equivalents.

At 31 August 2025, the Group's cash resources exceed its total debt. The Company hence has no net debt.

(g) Classification of financial instruments

All financial instruments are categorised as follows:

	2025 £m	2024 £m
Financial assets		
Trade receivables	**11.7**	11.0
Contract assets	**4.6**	2.3
Cash and cash equivalents	**44.7**	31.8
	61.0	45.1
Financial liabilities held at amortised cost		
Trade and other payables and accruals	**18.3**	18.6
Lease liabilities	**3.3**	3.2
	21.6	21.8
Financial liabilities held at fair value through profit and loss		
Contingent consideration	**7.2**	6.2
	7.2	6.2

(h) Fair value hierarchy

The fair values of the financial assets and liabilities are analysed into level 1 to 3 as follows:

Level 1: Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements derive from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of all financial instruments approximates their fair value (valued using level 2 or level 3 in the case of assets held for sale).

22. Deferred tax liabilities

	2025 £m	2024 £m
At 1 September	**(7.5)**	(8.7)
Acquisitions	**(1.0)**	—
Recognised in profit or loss:		
– In respect of timing differences	**(1.0)**	0.9
Recognised in equity:		
– In respect of deferred tax on share options	**(0.2)**	0.2
Exchange differences	**—**	0.1
At 31 August	**(9.7)**	(7.5)

The deferred tax balance is analysed as follows:

	2025 £m	2024 £m
Deferred tax liabilities	**(9.7)**	(7.5)
	(9.7)	(7.5)

The deferred tax liabilities are attributable to:

	2025 £m	2024 £m
Short-term timing differences	**(3.2)**	(1.0)
Acquisitions	**(6.5)**	(6.5)
	(9.7)	(7.5)

Notes to the consolidated financial statements continued

For the year ended 31 August 2025

23. Share capital

The allotted, called up and fully paid share capital is made up of 22,954,463 ordinary shares of £0.01 each.

	Note	Number of shares 'm	Share capital £m	Share premium £m	Total £m
At 1 September 2023		23.0	0.2	62.8	63.0
Issued during the year	(i)	—	—	0.1	0.1
At 31 August 2024		23.0	0.2	62.9	63.1
Issued during the year		—	—	—	—
At 31 August 2025		**23.0**	**0.2**	**62.9**	**63.1**

(i) During the year ended 31 August 2024, a total of 20,098 share options were exercised of £0.01 each for £3.95.

24. Other reserves

	Reconstruction reserve £m	Merger relief reserve £m	Translation reserve £m	Other reserves £m
At 1 September 2023	(11.3)	14.6	(0.8)	2.5
Other comprehensive expense	—	—	(1.8)	(1.8)
At 31 August 2024	(11.3)	14.6	(2.6)	0.7
Other comprehensive income	—	—	0.1	0.1
At 31 August 2025	**(11.3)**	**14.6**	**(2.5)**	**0.8**

The reconstruction reserve and merger relief reserve have arisen as follows:

The acquisition by the Company of the entire issued share capital of Anthony Best Dynamics Limited in 2013 was accounted for as a Group reconstruction. Consequently, the assets and liabilities of the Group were recognised at their previous book values as if the Company had always been the Parent Company of the Group.

The share capital for the period covered by these consolidated financial statements and the comparative periods is stated at the nominal value of the shares issued pursuant to the above share arrangement. Any differences between the nominal value of these shares and previously reported nominal values of shares and applicable share premium issued by Anthony Best Dynamics Limited were transferred to the reconstruction reserve.

25. Share based payments

The share based compensation schemes were established to align the long-term interests of management and staff with shareholders. The schemes are administered by the Remuneration Committee.

The schemes adopted by the Group are equity settled and a charge of £0.7m (2024: £1.4m) has been charged to the consolidated statement of comprehensive income relating to these options.

Summary of movements in share options

	Number of shares	Weighted average exercise price (pence)
Outstanding at 1 September 2024	468,491	692
Options and awards granted	118,267	—
Options and awards exercised	(127,026)	—
Options and awards lapsed	(101,110)	—
Outstanding at 31 August 2025	**358,622**	**904**
Exercisable at 31 August 2025	**8,447**	**395**
Outstanding at 1 September 2023	461,019	709
Options and awards granted	98,050	—
Options and awards exercised	(53,071)	150
Options and awards lapsed	(37,507)	—
Outstanding at 31 August 2024	468,491	692
Exercisable at 31 August 2024	8,447	395

The weighted average share price on the date of exercise was 1,900p (2024: 1,759p). The weighted average remaining contractual life of the options outstanding at the statement of financial position date is 7.6 years (2024: 7.5 years).

The weighted average fair value of options granted in the year was 1,796p (2024: 1,568p).

Notes to the consolidated financial statements continued

For the year ended 31 August 2025

25. Share based payments continued

Summary of movements in share options continued

The fair values of the share option awards granted were calculated using a Black Scholes option pricing model. The long-term incentive plan awards have targets based on earnings per share total growth and shareholder return and were valued using a Monte Carlo simulation. The inputs into the model for awards granted were as follows:

	Date awarded		
	12 December 2024	8 February 2024	4 January 2023
Stock price:	1,950p	1,768p	1,613p
Exercise price:	nil	nil	nil
Interest rate:	4.24%	4.18%	3.43%
Volatility:	37%	39%	48%
Vesting period:	3 years	3 years	3 years

The expected volatility was determined with reference to the published share price.

The long-term incentive plan awards vest on the third anniversary of the award date.

Employee Benefit Trust

At 31 August 2025 64,322 (2024: 77,521) ordinary shares were held by a trust in respect of obligations under the long-term incentive plan. The market value of the shares held in the trust at 31 August 2025 was £0.9m (2024: £1.6m). These shares are held at cost as treasury shares and deducted from shareholders' equity.

During the year the trust acquired 119,428 (2024: 113,200) shares at a cost of £2.1m (2024: £1.8m). 132,627 shares were used to satisfy awards following the vesting of shares under the long-term incentive plan and annual bonus plan.

26. Related party disclosures

The remuneration of the key management personnel of the Group is set out in note 8.

27. Ultimate controlling party

There is no ultimate controlling party.

28. Acquisition of businesses

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	IFRS 3 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	£m
Cash consideration paid on completion	3.8
Discounted retention against warranties	0.4
Working capital adjustment to purchase price – total	(0.9)
Initial consideration	3.3
Contingent consideration payable	0.9
Total consideration	4.2

Cash consideration	£m
Cash consideration paid on completion	3.8
Working capital adjustment to purchase price – cash received	(0.5)
Debt acquired	0.1
Cash flows used in acquisition of businesses	3.4

Notes to the consolidated financial statements continued

For the year ended 31 August 2025

28. Acquisition of businesses continued

Bolab continued

Contingent consideration	£m
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 on 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 £115m 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
At 1 September 2024	6.2
Unwind on discount	0.4
Exchange difference	(0.5)
Cash paid	—
At 31 August 2025	**6.1**
Current	6.1
Non-current	—

29. Subsidiary undertakings

Details of the Group undertakings at 31 August 2025 are set out in note 5 to the Company financial statements. The Company has given a parental guarantee under Section 479A of the Companies Act 2006 to certain subsidiary undertakings. AB Dynamics UK Holdings Limited (company number 13081654), AB Dynamics Overseas Holdings Limited (company number 13081661), Ansible Motion Limited (company number 06944081) and rFpro Limited (company number 06427019) are exempt from the requirement to file audited accounts for the year ended 31 August 2025 by virtue of Section 479A of the Companies Act 2006. See note 5 to the Company financial statements for the registered offices of the subsidiary undertakings.

Company statement of financial position

As at 31 August 2025

	Note	2025 £m	2024 £m
ASSETS			
Non-current assets			
Investments	5	**108.8**	103.5
		108.8	103.5
Current assets			
Other receivables	6	**2.1**	3.7
Cash and cash equivalents		**15.6**	2.2
		17.7	5.9
LIABILITIES			
Current liabilities			
Trade and other payables	7	**3.3**	4.7
		3.3	4.7
Net current assets		**14.4**	1.2
Net assets		**123.2**	104.7
Shareholders' equity			
Share capital	8	**0.2**	0.2
Share premium	8	**62.9**	62.9
Merger reserve		**3.2**	3.2
Retained earnings		**56.9**	38.4
Total equity		**123.2**	104.7

The Company's profit for the financial year was £21.8m (2024: £9.8m).

The financial statements were approved by the Board of Directors and authorised for issue on 11 November 2025 and are signed on its behalf by:

Dr James Routh
Director

Sarah Matthews-DeMers
Director

Company registration number: 08393914

Company statement of changes in equity

For the year ended 31 August 2025

	Note	Share capital £m	Share premium £m	Merger reserve £m	Retained profits £m	Total equity £m
At 1 September 2023		0.2	62.8	3.2	30.7	96.9
Total comprehensive income		—	—	—	9.8	9.8
Share based payments		—	—	—	1.2	1.2
Dividends	9	—	—	—	(1.5)	(1.5)
Issue of shares, net of share issue costs		—	0.1	—	—	0.1
Purchase of own shares		—	—	—	(1.8)	(1.8)
At 31 August 2024		0.2	62.9	3.2	38.4	104.7
Total comprehensive income		—	—	—	21.8	21.8
Share based payments		—	—	—	0.7	0.7
Dividends	9	—	—	—	(1.9)	(1.9)
Purchase of own shares		—	—	—	(2.1)	(2.1)
At 31 August 2025		**0.2**	**62.9**	**3.2**	**56.9**	**123.2**

The share premium account is a non-distributable reserve representing the difference between the nominal value of shares in issue and the amounts subscribed for those shares.

The merger reserve relates to the acquisition of 100% of the issued share capital of Ansible Motion Limited during the year ended 31 August 2023 of which part of the consideration was the issue of new ordinary shares in AB Dynamics plc.

Retained profits represent the cumulative value of the profits not distributed to shareholders but retained to finance the future capital requirements of the Company.

Notes to the Company financial statements

For the year ended 31 August 2025

1. General information

AB Dynamics plc (the Company) is the UK holding company of a group of companies which are engaged in the design, manufacture and supply of advanced testing, simulation and measurement products and services to the global transport market. The Company is registered in England and Wales (registered number 08393914). Its registered office and principal place of business is Middleton Drive, Bradford on Avon, Wiltshire BA15 1GB.

Basis of preparation

The financial statements have been prepared in accordance with the historical cost convention and in accordance with FRS 102 'The Financial Reporting Standard' applicable in the UK and Republic of Ireland, and the Companies Act 2006. The financial statements present information about the Company as an individual entity and the principal accounting policies are described below. They have all been applied consistently throughout the period.

Reduced disclosure exemptions

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12 as follows:

- No cash flow statement has been presented as the Company is included within the consolidated financial statements of the Group
- Disclosures in respect of the Company's financial instruments have not been presented as equivalent disclosures are included in the consolidated financial statements of the Group

The Company has also taken advantage of the disclosure exemptions in FRS 102 paragraph 33.1A as follows:

- Related party transactions have not been disclosed with other wholly owned members of the Group
- Disclosures in respect of the Company's share based payments have not been presented as equivalent disclosures are included in the consolidated financial statements of the Group

2. Summary of material accounting policies

Going concern

At 31 August 2025 the Company had net current assets of £14.4m (2024: £1.2m). The Company has assessed its ongoing costs with cash generated by its subsidiaries to ensure that it can continue to settle its debts as they fall due.

The Directors have, after careful consideration of the factors set out above, concluded that it is appropriate to adopt the going concern basis for the preparation of the financial statements and the financial statements do not include any adjustments that would result if the going concern basis was not appropriate.

Investments

Investments held as fixed assets are stated at cost less provision for impairment.

Tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Financial instruments

Financial assets and liabilities are recognised in the statement of financial position when the Company has become a party to the contractual provisions of the instruments.

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans to related parties.

Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans and receivables are measured initially at fair value and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short-term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value and are measured subsequently at amortised cost using the effective interest method.

Notes to the Company financial statements continued

For the year ended 31 August 2025

2. Summary of material accounting policies continued

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not apparent from other sources. The estimates and assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing a significant adjustment to the carrying amounts of assets and liabilities in the financial statements:

Share based payments

The fair value of share based remuneration is determined at the date of grant and recognised as a capital contribution to its subsidiary on a straight-line basis over the vesting period, taking account of the estimated number of shares that will vest. The fair value is determined by use of option pricing models.

3. Profit for the financial year

The Company has taken advantage of Section 408 of the Companies Act 2006 and, consequently, a profit and loss account for the Company alone has not been presented.

The Company's profit for the financial year was £21.8m (2024: £9.8m).

The Company's profit for the financial year has been arrived at after charging auditor's remuneration payable to Crowe UK LLP for audit services to the Company of £0.1m (2024: £0.1m). Statutory information on remuneration for other services provided by the Company's auditor and its associates is given on a consolidated basis in note 7 of the consolidated financial statements.

4. Employees' and Directors' remuneration

Staff costs during the year were as follows:

	2025 £m	2024 £m
Wages and salaries	**3.7**	2.9
Social security costs	**0.3**	0.2
Pension costs	**0.1**	0.1
	4.1	3.2

All Directors' remuneration is in respect of qualifying services to AB Dynamics plc. See note 8 of the consolidated financial statements.

Costs in relation to share based payments in respect of the Company's employees are borne by its subsidiary, Anthony Best Dynamics Limited.

The average number of employees of the Company during the year was:

	2025 Number	2024 Number
Directors and management	**17**	11

5. Investments

	2025 £m	2024 £m
Subsidiary undertaking		
At 1 September	**103.5**	91.7
Capital contribution arising on share based payments	**0.7**	1.2
AB Dynamics Overseas Inc	**—**	10.6
AB Dynamics Overseas Holdings Limited	**4.6**	—
At 31 August	**108.8**	103.5

The Company tests investments at least annually for impairment. Tests are conducted more frequently if there are indications that investments might be impaired. There were no impairment indicators identified during the year ended 31 August 2025.

Notes to the Company financial statements continued

For the year ended 31 August 2025

5. Investments continued

Subsidiary undertaking	Class of share held	% shareholding	Registered office	Country of incorporation (or registration) and operation
Anthony Best Dynamics Ltd*	Ordinary	100	Middleton Drive, Bradford on Avon, Wiltshire BA15 1GB, United Kingdom	England
AB Dynamics GK*	Ordinary	100	2-2-3 Shinyokohama, Dai-Ichi Takeo bldg. 6F 606 Kohoku-ku, Yokohama 222-0033, Japan	Japan
AB Dynamics Inc*	Ordinary	100	48325 Alpha Drive, Suite 120, Wixom, MI 48393, USA	USA
rFpro Ltd*	Ordinary	100	Middleton Drive, Bradford on Avon, Wiltshire BA15 1GB, United Kingdom	England
AB Dynamics UK Holdings Ltd	Ordinary	100	Middleton Drive, Bradford on Avon, Wiltshire BA15 1GB, United Kingdom	England
AB Dynamics Overseas Holdings Ltd	Ordinary	100	Middleton Drive, Bradford on Avon, Wiltshire BA15 1GB, United Kingdom	England
AB Dynamics Singapore Holdings Pte Ltd*	Ordinary	100	77 Robinson Road, #13-00 Robinson 77, Singapore 068896	Singapore
VadoTech Pte Ltd*	Ordinary	100	77 Robinson Road, #13-00 Robinson 77, Singapore 068896	Singapore
VadoTech Japan KK*	Ordinary	100	Nichitochi Nishishinjyuku Building 8F, 6-10-1, Nishishinjyuku, Shinjyuku-ku, Tokyo, Japan	Japan
VadoTech Deutschland*	Ordinary	100	Bismarckstraße 7, 10625 Berlin, Germany	Germany
VadoTech Servicios Técnicos S.L.*	Ordinary	100	Calle Madrid, n. 70, Edificio Irene II, local 1, Monachil, Granada, Spain	Spain
VadoTech US Inc*	Ordinary	100	The Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, DE 19801, USA	USA
VadoTech Korea Ltd*	Ordinary	100	301 ho, 10-1, Maebong-gil, Seongdong-gu, Seoul, South Korea	South Korea
Zynit Pte Ltd*	Ordinary	100	77 Robinson Road, #13-00 Robinson 77, Singapore 068896	Singapore
Zynit China Co. Ltd*	Ordinary	100	No.13, Jinma Yuan 2 Street, Gaoliying Town, Shunyi District, Beijing, China	China
Zynit Hefei Co. Ltd*	Ordinary	100	No. 3 Workshop of Keyuan M&E, cross between Tang Kou Road and Ji Xian Road, Feixi Economy Development Area, Hefei, China	China
AB Dynamics Europe GmbH*	Ordinary	100	Vogelsang 11, 35398 Gießen, Germany	Germany
Bolab Systems GmbH*	Ordinary	100	Mühlstetten 3, 72351, Geislingen, Germany	Germany
Dynamic Research Inc*	Ordinary	100	355 Van Ness Avenue, Suite 200, Torrance, CA 90501, USA	USA
DRI Advanced Test Systems Inc*	Ordinary	100	355 Van Ness Avenue, Suite 200, Torrance, CA 90501, USA	USA
Venshure Test Services, LLC*	Ordinary	100	18600 W Old Highway 12, Chelsea, MI 48118, USA	USA
AB Dynamics Overseas Holdings Inc	Ordinary	100	3500 South DuPoint Highway, Dover, DE 19901, USA	USA
ABD Solutions Ltd*	Ordinary	100	Middleton Drive, Bradford on Avon, Wiltshire BA15 1GB, United Kingdom	England
Ansible Motion Ltd*	Ordinary	100	Middleton Drive, Bradford on Avon, Wiltshire BA15 1GB, United Kingdom	England

* Denotes indirect shareholding.

AB Dynamics UK Holdings Limited (company number 13081654), AB Dynamics Overseas Holdings Limited (company number 13081661), Ansible Motion Limited (company number 06944081) and rFpro Limited (company number 06427019) are exempt from the requirement to file audited accounts for the year ended 31 August 2025 by virtue of Section 479A of the Companies Act 2006.

Notes to the Company financial statements continued

For the year ended 31 August 2025

6. Other receivables

	2025 £m	2024 £m
Amounts owed by Group undertakings	**2.1**	1.2
Prepayments	**—**	2.5
	2.1	3.7

7. Trade and other payables

	2025 £m	2024 £m
Amounts owed to Group undertakings	**0.5**	2.6
Other payables and accruals	**2.8**	2.1
	3.3	4.7

8. Share capital

The allotted, called up and fully paid share capital is made up of 22,954,463 ordinary shares of £0.01 each.

	Note	Number of shares 'm	Share capital £m	Share premium £m	Total £m
At 1 September 2023		23.0	0.2	62.8	63.0
Issued during the year	(i)	—	—	0.1	0.1
At 31 August 2024		23.0	0.2	62.9	63.1
At 31 August 2025		**23.0**	**0.2**	**62.9**	**63.1**

(i) During the year ended 31 August 2024, a total of 20,098 share options were exercised of £0.01 each for £3.95.

9. Dividends paid

	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**	—
	1.9	1.5

An interim dividend was paid of 2.80p per share totalling £0.7m. The Board has proposed a final dividend for 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.

10. Related party disclosures

The only key management personnel of the Company are the Directors. Details of their remuneration are contained in the Remuneration Committee report.

Notice of Annual General Meeting 2026

Notice of Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser immediately.

If you have sold or transferred all of your shares in AB Dynamics plc, please forward this document, together with the accompanying report and accounts and form of proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

AB Dynamics plc

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting (AGM) of the members of AB Dynamics plc (the Company) will be held at 11.00 am on Thursday 15 January 2026 at Teneo, The Carter Building, 11 Pilgrim Street, London, EC4V 6RN for the purpose of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 11 (inclusive) will be proposed as ordinary resolutions and resolution 12 will be proposed as a special resolution.

ORDINARY RESOLUTIONS

1. To receive the annual accounts of the Company for the year ended 31 August 2025, together with the reports of the Directors and the auditor on those accounts.
2. To approve the Directors' remuneration report (comprising the Annual Statement and Annual Report on Remuneration but excluding the Directors' Remuneration Policy as set out on pages 86 and 87 of the Directors' remuneration report), as set out on pages 84 to 91 of the Group's Annual Report and Accounts for the financial year ended 31 August 2025.

   Note: this is an advisory vote only.
3. To approve the Directors' Remuneration Policy, as set out on pages 86 and 87 of the Group's Annual Report and Accounts for the financial year ended 31 August 2025.

   Note: this is an advisory vote only.
4. To declare a final dividend of 6.36p per share, to be paid to all shareholders on the Register of Members as at 16 January 2026.
5. To re-appoint Julie Armstrong as a Director of the Company.
6. To re-appoint Richard Elsy as a Director of the Company.
7. To re-appoint Louise Evans as a Director of the Company.
8. To re-appoint Richard Hickinbotham as a Director of the Company.
9. To re-appoint Sarah Matthews-DeMers as a Director of the Company.
10. To re-appoint Crowe UK LLP as the auditor of the Company from the conclusion of this AGM until the conclusion of the next AGM of the Company and to authorise the Directors to determine the auditor's remuneration.
11. That, in substitution for any previous authority but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities, the Directors from time to time be and are hereby generally and unconditionally authorised for the purpose of Section 551 of the Companies Act 2006 (the Act) to allot shares of the Company and/or grant rights to subscribe for, or convert any securities into, shares of the Company up to an aggregate nominal amount of £76,514, being approximately one-third of the current issued share capital of the Company provided that this authority shall expire (unless previously renewed, varied or revoked by the Company in a general meeting) at the conclusion of the next AGM of the Company or 15 months after the passing of this resolution (if earlier), except that the Directors may before the expiry of such period make an offer or agreement which would or might require shares to be allotted or rights granted after the expiry of such period and the Directors may allot shares or grant rights in pursuance of that offer or agreement as if this authority had not expired.

Notice of Annual General Meeting 2026 continued

Notice of Annual General Meeting continued

SPECIAL RESOLUTION

12. That, subject to the passing of resolution 11 above, the Directors be empowered pursuant to Section 571 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by resolution 11 above as if Section 561 of the Act did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities as follows:

    (a) the allotment of equity securities in connection with any offer by way of a rights issue or an open offer of relevant equity securities where the equity securities respectively attributed to the interests of all holders of relevant equity securities are proportionate (as nearly as may be) to the respective numbers of relevant equity securities held by them but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with equity securities which represent fractional entitlements or on account of either legal or practical problems arising in connection with the laws or requirements of any regulatory or other authority in any jurisdiction; and

    (b) otherwise than pursuant to paragraph (a) above, up to an aggregate nominal amount of £11,477, being approximately 5% of the current issued share capital of the Company,

    provided that the powers conferred by this resolution shall expire (unless previously renewed, varied or revoked by the Company in a general meeting) on a date which is the earlier of 15 months from the date of the passing of this resolution and the conclusion of the next AGM of the Company (the Section 571 Period) but so that the Company may at any time prior to the expiry of the Section 571 Period make an offer or agreement which would or might require equity securities to be allotted pursuant to these authorities after the expiry of the Section 571 Period and the Directors may allot equity securities in pursuance of such offer or agreement as if the authorities hereby conferred had not expired.

Action to be taken

Each shareholder is entitled to appoint one or more proxies to attend, speak and vote instead of that shareholder. A proxy need not be a shareholder.

Shareholders should kindly complete and return the enclosed form of proxy as soon as possible, whether or not they expect to be able to attend the AGM. Return of a form of proxy will not prevent a shareholder from attending, speaking and voting in person at the meeting if that shareholder so wishes and is so entitled. If you are a CREST member you can submit your proxy electronically through the CREST system by completing and transmitting a CREST proxy instruction as described in the notes to this circular and in the form of proxy.

Recommendation

The Board is of the opinion that these proposals are in the best interests of the Company and its shareholders as a whole.

Accordingly, the Directors unanimously recommend all shareholders to vote in favour of the resolutions, as they intend to do in respect of their own beneficial shareholdings.

Explanatory notes in respect of the resolutions proposed are set out in the appendix to this Notice.

By Order of the Board

David Forbes
Company Secretary
11 November 2025

Registered office:
AB Dynamics plc
Middleton Drive
Bradford on Avon
Wiltshire BA15 1GB

Registered number: 08393914

Notice of Annual General Meeting 2026 continued

Notice of Annual General Meeting continued

Notes

Pursuant to the Company's Articles of Association (the Articles), members are entitled to appoint a proxy or proxies to exercise all or any of their rights to attend, speak and vote at the meeting. A proxy need not be a shareholder of the Company.

A shareholder may appoint more than one proxy in relation to the AGM, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. In addition, the Chair of the meeting will direct that voting on all resolutions will take place by way of a poll, rather than a show of hands, to ensure that proxy votes are recognised in order to accurately reflect the views of shareholders.

1. Only holders of ordinary shares are entitled to attend and vote at the AGM. A member is entitled to appoint another person as their proxy to exercise all or any of their rights to attend, speak and vote at the meeting. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the relevant member. A proxy need not be a member of the Company.
2. You can register your vote(s) for the AGM either:
   (a) by visiting www.shareregistrars.uk.com, clicking on the 'Proxy Vote' button and then following the on-screen instructions;
   (b) by post or by hand to Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX, using the form of proxy accompanying this Notice. Instructions for completion are shown on the form. To appoint a proxy, the form of proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be completed; or
   (c) in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with paragraphs 5 to 8 below.

   In order for a proxy appointment to be valid the form of proxy must be received by Share Registrars Limited by 11.00 am on 13 January 2026, being 48 hours (ignoring any part of any day that is not a working day) before the start of the AGM. Completion of one of the above proxy voting options will not preclude members from attending and voting in person at the AGM, should they so wish.
3. In the case of joint shareholders, the signature of the senior shareholder (seniority to be determined by the order in which the names stand in the Register of Members) shall be accepted to the exclusion of all other joint holders. The names of all joint shareholders should be stated at the top of the form.
4. In order to have the right to attend and vote at the meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the Register of Members of the Company at 11.00 am on 13 January 2026, being 48 hours (ignoring any part of any day that is not a working day) before the start of the AGM, or, in the event of any adjournment, 48 hours before the start of the adjourned meeting (ignoring any part of any day that is not a working day). Changes to entries on the Register of Members after this time shall be disregarded in determining the rights of any person to attend or vote at the AGM.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available via www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.
6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & International Limited's (Euroclear) specifications and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA36) by the latest time for the receipt of proxy appointments specified in note 2 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
7. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or a sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
8. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
9. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of the powers as a member provided that no more than one corporate representative exercises powers over the same share.

Notice of Annual General Meeting 2026 continued

Notice of Annual General Meeting continued

Notes continued

10. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business dealt with at the meeting, but no such answer need be given if:
    (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
    (b) the answer has already been given on a website in the form of an answer to a question; or
    (c) it is not in the interests of the Company or the good order of the meeting that the question be answered.
11. As at 10 November 2025 (being the last business day prior to the publication of this Notice), the Company's issued ordinary share capital consisted of 22,954,463 ordinary shares of 1p each, carrying one vote each. Therefore, the total voting rights in the Company as at 10 November 2025 were 22,954,463.
12. A copy of this Notice, and other information required by Section 311A of the Companies Act 2006 (the Act), can be found at www.abdplc.com.
13. You may not use any electronic address (within the meaning of Section 333(4) of the Act) provided in this Notice or in any related documents (including the Chairman's letter and form of proxy) to communicate with the Company for any purpose other than those expressly stated.
14. Your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your Reference Number (attributed to you by the Company). The Company determines the purposes for which and the manner in which your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's registrars) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.

Appendix: Explanatory notes on the resolutions to be proposed at the Annual General Meeting

Resolution 1 – Annual Report and Accounts

The Directors must present the annual audited accounts of the Company and the Directors' and Auditor's reports for the year ended 31 August 2025 (2025 Annual Report) to shareholders at the meeting.

You are voting to receive the 2025 Annual Report. Detailed information is contained within the 2025 Annual Report.

Resolution 2 – Directors' remuneration report

Shareholders will have the opportunity to cast an advisory vote on the Directors' remuneration report (comprising the Annual Statement and Annual Report on Remuneration but excluding the Directors' Remuneration Policy as set out on pages 86 and 87 of the Directors' remuneration report) for the year ended 31 August 2025. The report is set out in full on pages 84 to 91 of the 2025 Annual Report. The Directors' entitlement to remuneration is not conditional on the report being approved.

Resolution 3 – Directors' Remuneration Policy

Shareholders will have the opportunity to cast an advisory vote on the Directors' Remuneration Policy as set out on pages 86 and 87 of the 2025 Annual Report. The Directors' Remuneration Policy will, if approved, take effect from the conclusion of the AGM. The Directors' entitlement to remuneration is not conditional on the policy being approved.

Resolution 4 – Declaration of dividend

Final dividends must be approved by shareholders but cannot exceed the amount recommended by the Directors. The Directors propose a final dividend of 6.36p per ordinary share. If approved, the dividend is expected to be paid to shareholders on the Register of Members as of 16 January 2026. The Company paid an interim dividend this year; therefore, the total dividend distribution for the year shall be 9.16p per ordinary share.

Resolutions 5 to 9 – Appointment and re-appointment of Directors

Resolutions 5 to 9 relate to the appointment and re-appointment (as relevant) of the Company's Directors.

Any Director who has been appointed since the previous Annual General Meeting must put themselves up for re-appointment in accordance with the Articles. Accordingly, Resolution 5 is proposed to re-appoint Julie Armstrong as a Director.

Under the Company's Articles, one-third of the Directors are required to retire from office by rotation each year. Notwithstanding the provisions of the Articles, the Board has determined that all of the Directors shall retire from office at the AGM in line with the best practice recommendations of the Financial Reporting Council's UK Corporate Governance Code. Each of the Directors intends to stand for re-appointment by the shareholders. Biographical details, skills and experience for each of the Directors can be found on pages 64 and 65 of the 2025 Annual Report and at www.abdplc.com/about/board-of-directors.

Notice of Annual General Meeting 2026 continued

Appendix: Explanatory notes on the resolutions to be proposed at the Annual General Meeting continued

Resolution 10 – Re-appointment of the auditor and the auditor's remuneration

The Company is required to appoint an auditor at each general meeting at which accounts are laid before the Company to hold office until the end of the next such meeting. Crowe UK LLP has expressed its willingness to be re-appointed as the auditor to the Company. This resolution proposes the appointment of Crowe UK LLP and, in accordance with standard practice, gives authority to the Directors to determine the remuneration to be paid to the auditor.

Resolution 11 – Directors' authority to allot shares

Under the Act, the directors of a company may only allot unissued shares in the capital of the company or grant rights to subscribe for, or convert any security into, shares in the company if they are authorised to do so by the shareholders at a general meeting or by the company's articles of association.

This resolution gives the Directors authority to allot shares in the Company up to an aggregate nominal amount of £76,514, representing approximately one-third of the Company's issued ordinary share capital as at 10 November 2025 (being the last business day prior to the publication of this Notice). This authority will expire at the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2027 or the date falling 15 months after the passing of the resolution.

The Directors do not have any present intention of exercising this authority but consider it desirable that they should have the flexibility to allot shares, or grant rights to subscribe for, or convert any security into, shares if circumstances arise where it may be advantageous for the Company to do so.

Resolution 12 – Partial disapplication of pre-emption rights

This resolution will, if approved, renew the Directors' authority to allot equity securities (as defined in the Act) for cash otherwise than to existing shareholders pro-rata to their holdings. This authority, which will expire at the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2027 or the date falling 15 months after the passing of the resolution, is limited to the allotment of: (a) equity securities in connection with a rights issue or an open offer; and (b) equity securities up to an aggregate nominal amount of £11,477, representing approximately 5% of the Company's issued ordinary share capital as at 10 November 2025 (being the last business day prior to the publication of this Notice).

The Directors have no present intention to use this authority but consider that the proposed disapplication of pre-emption rights is desirable to give the Company the ability to issue a limited number of shares for cash to third parties, where to do so would be of benefit to the Company.

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