

Driving sustainability

Interim results – 28 April 2021



Half year highlights

Financial results

Business review

Strategic update

Summary and outlook



Dr James Routh, Chief Executive Officer



Sarah Matthews-DeMers, Chief Financial Officer

Highlights

Dr James Routh



Performance in line with expectations

- As anticipated, revenue broadly comparable to H2 2020
- COVID-19 impacts continued into H1 2021
- Customer activity returning slowly but testing operations remained restricted

Strong performance in simulation

- Good order intake with two aVDS orders in H1
- Significant contract win for an advanced variant of aVDS for major automotive OEM
- Recovery of order intake and revenue at rFpro

Market drivers remain intact

- Regulatory drivers remain in place
- Continued drive from consumer bodies such as Euro-NCAP
- US change of administration presents growth opportunities

Continued investment for growth

- New product development
- New Engineering Design Centre completed
- Continued build of senior management team
- Ongoing investment in systems and processes

Acquisition of Vadotech Group

- Delivering on our strategic priorities
- Value-enhancing acquisition in strategically important APAC region
- Expansion of capability into on-road testing services
- Significant opportunity for growth

Positive trading momentum

- Deferred capital equipment orders received in H1 as anticipated
- Strengthened order intake trend with book to bill ratio positive
- Provides confidence for continued positive momentum into H2

Financial results



Sarah Matthews-DeMers

	H1 2021 £m	H2 2020 £m	% Change	H1 2020 £m	% Change
Revenue	27.3	26.8	2%	34.7	-21%
Gross margin	57.7%	58.3%	-60 bps	58.5%	-80 bps
Adjusted operating profit	3.5	3.3	6%	8.0	-57%
Adjusted operating margin	12.8%	12.2%	60 bps	23.2%	-1,040 bps
Adjusted profit before tax	3.5	2.8	25%	8.1	-57%
Adjusted tax charge	0.5	0.4	23%	1.5	-66%
Adjusted tax rate	14.7%	14.9%	-20 bps	18.7%	-400 bps
Adjusted diluted earnings per share	13.1p	10.7p	22%	29.2p	-55%
Cash flow from operations	7.8	3.6	113%	3.3	139%
Capital expenditure	4.6	6.1	-23%	2.1	115%
Net cash	33.1	30.0	11%	34.2	-3%

- H2 2020 most relevant comparative
- Revenue broadly comparable to H2 2020 with COVID-19 impact continuing into H1 2021
- Gross margin maintained despite higher proportion of lower margin laboratory testing and simulation sales
- Operating margins impacted by lower revenue and investment in capability
- Operating margins improved on H2 2020 despite FX headwinds and investment in capability

Results overview

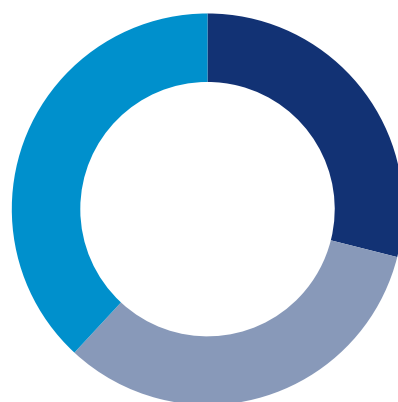
HY 2021 half year revenue of £27.3m

Revenue by sector



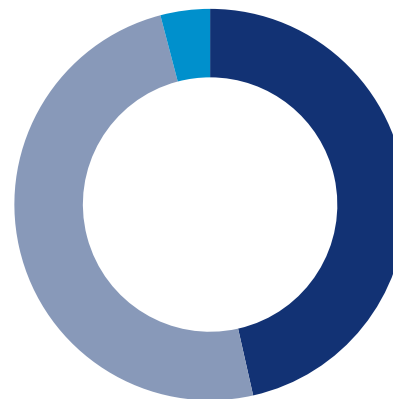
Sector	H1 2021 Revenue	H1 2020	H2 2020	% Total
Track testing	£20.9m	-29%	-6%	77%
Lab testing and simulation	£6.4m	+23%	+38%	23%

Revenue by geography



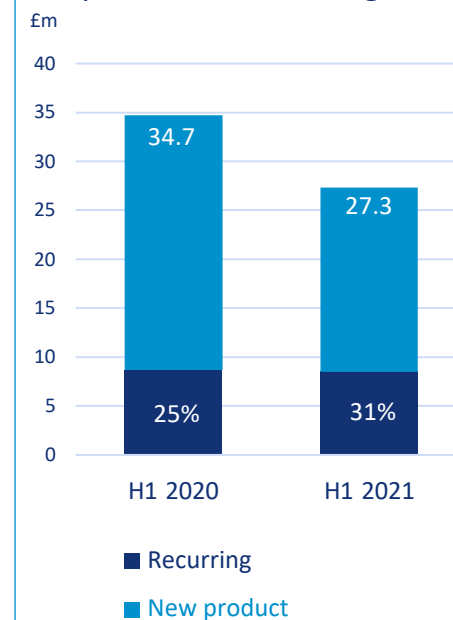
Region	Revenue	% Total
UK/Europe	£7.9m	29%
North America	£9.0m	33%
Asia Pacific/Rest of World	£10.4m	38%

Revenue by customer type



Customer type	Revenue	% Total
OEM	£12.5m	46%
Service provider	£13.3m	49%
Tier 1/Tech companies	£1.5m	5%

Proportion of recurring revenue

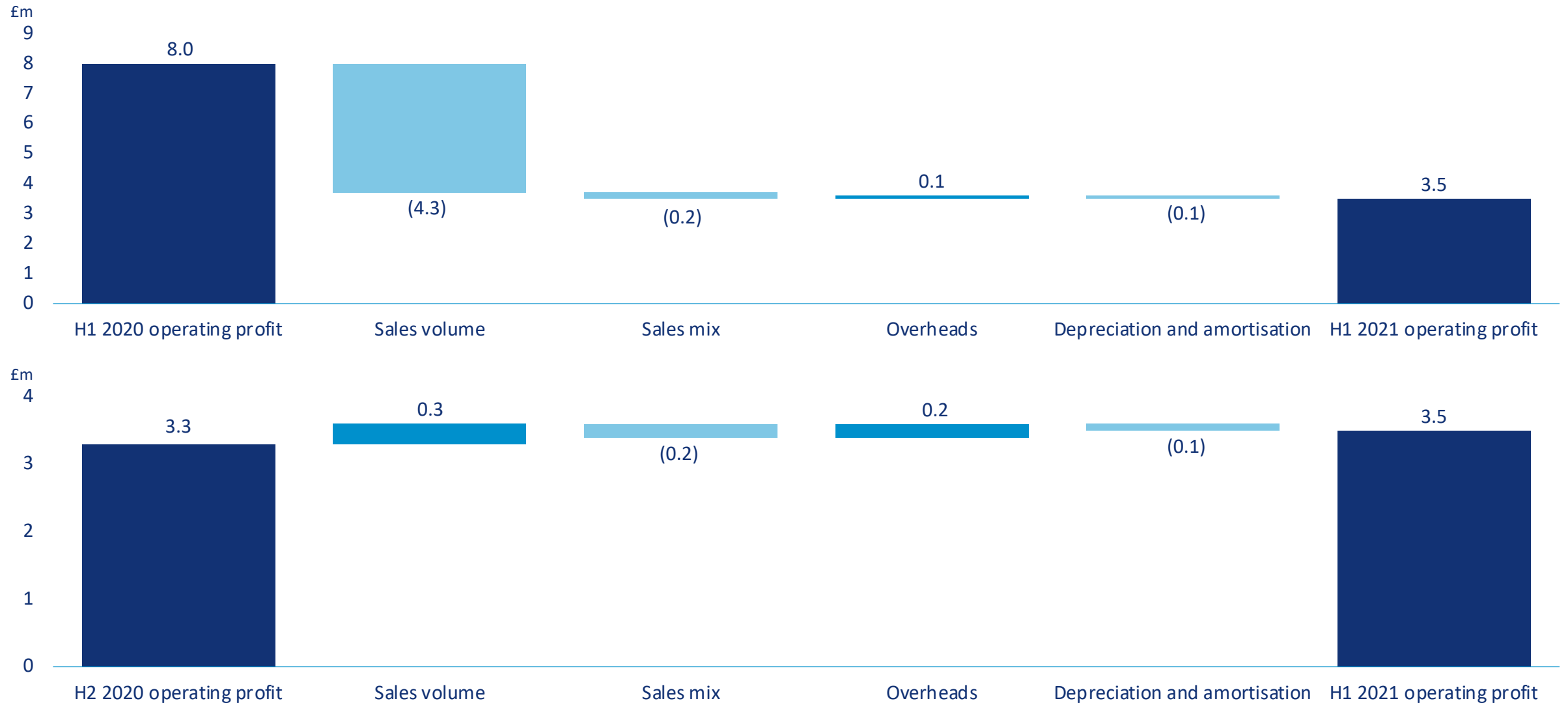


Revenue

7



Operating profit bridge

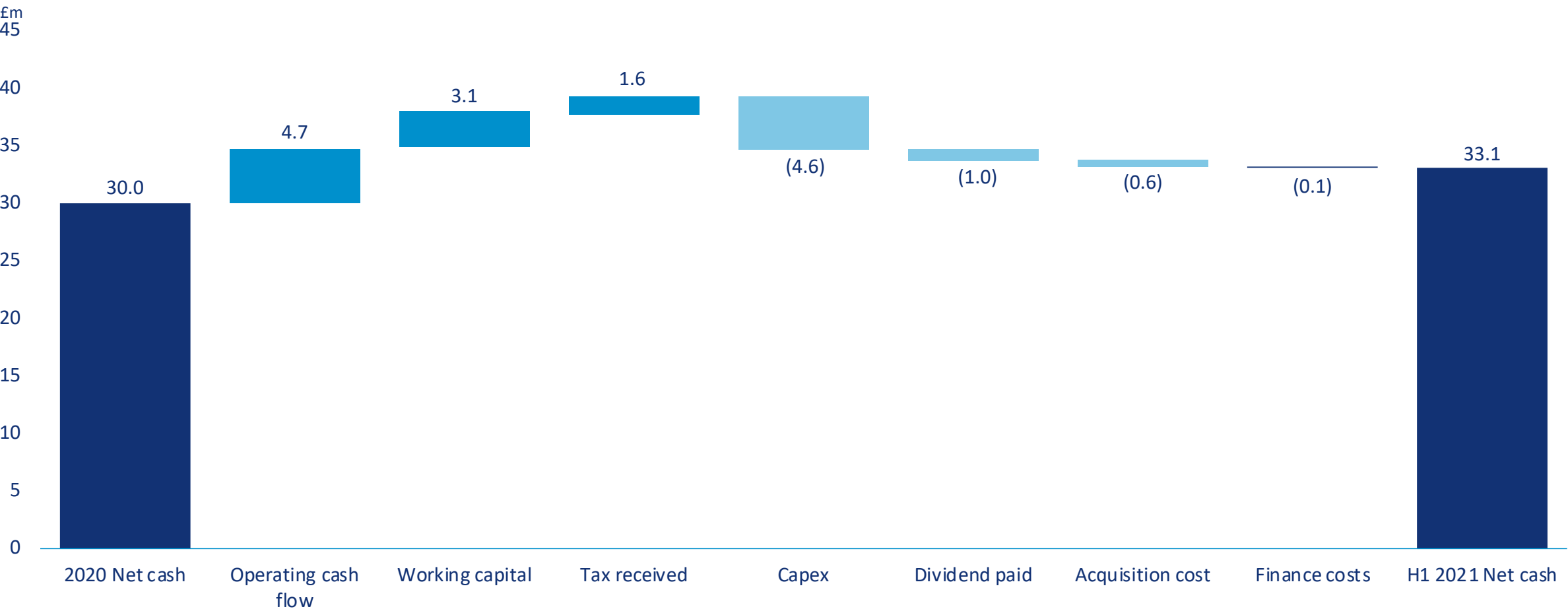


	H1 2021 £m	H1 2020* £m
Amortisation of acquired intangibles	1.7	1.8
Acquisition related charge	0.4	0.6
Restructuring	–	0.1
Inventory impairment	–	1.9
Total adjustments	2.1	4.4

* Comparatives have been restated to reflect inclusion of the share based payment charge within the underlying figures as this is expected to be an ongoing cost for the Group.

	H1 2021 £m	FY 2020 £m
Goodwill and intangibles	33.9	34.9
Property, plant and equipment	27.3	25.0
Fixed assets	61.2	59.9
Working capital	11.2	15.4
Net cash	33.1	30.0
Net current assets	44.3	45.4
Tax liabilities	(2.9)	(2.5)
Net assets	102.6	102.8

- Balance sheet remains robust
- Significant cash resources enable:
 - Continued investment in new product development and infrastructure
 - Acquisition of Vadotech Group in H2 2021



	H1 2021 As reported £m	H1 2021 Restated at 2020 rates £m	% Change
Revenue	27.3	27.0	+1%
Adjusted operating profit	3.5	3.5	—

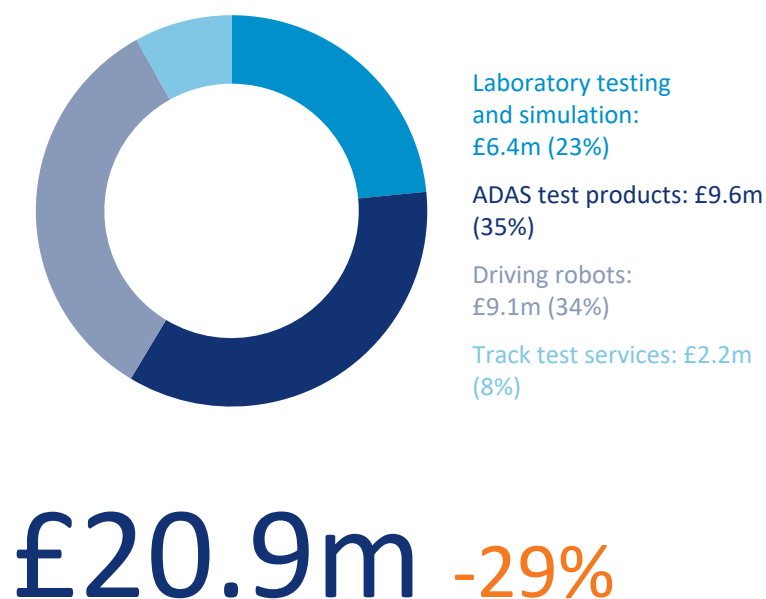
Average exchange rate	H1 2021	H1 2020
US\$	1.33	1.29
Euro	1.11	1.15
Yen	140	143

- 86% of revenue in foreign currency in H1 2021
- The impact of a weaker US dollar was offset by a stronger Euro
- 10% movement in exchange rates would have a £2m translation impact on revenue and £0.4m impact on operating profit

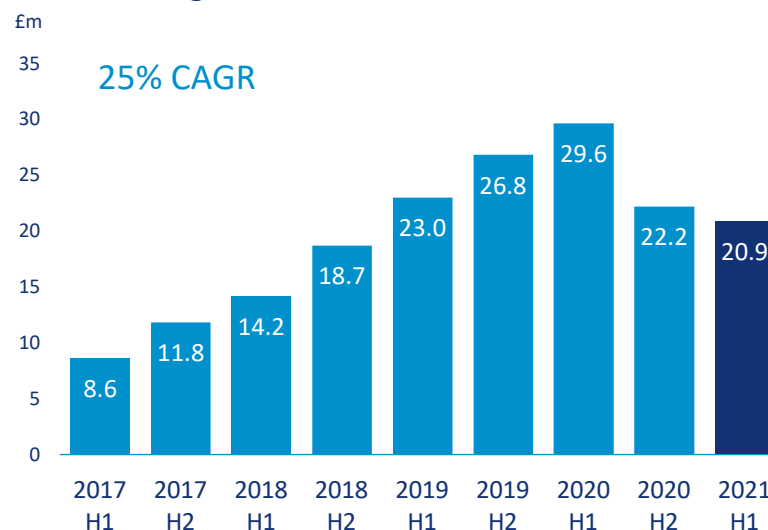
Business review



H1 revenue by sector



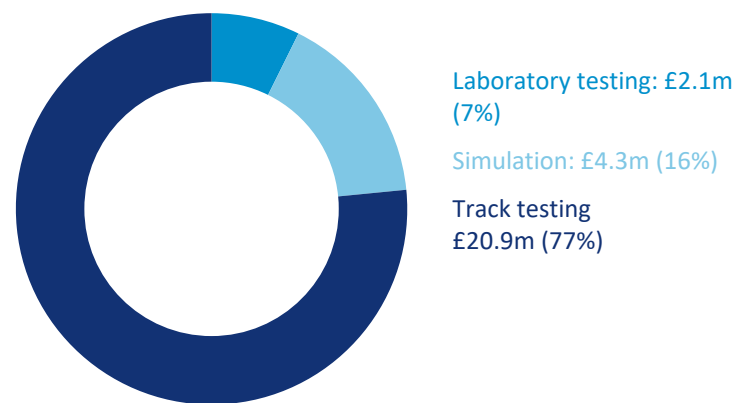
Track testing revenue



Highlights

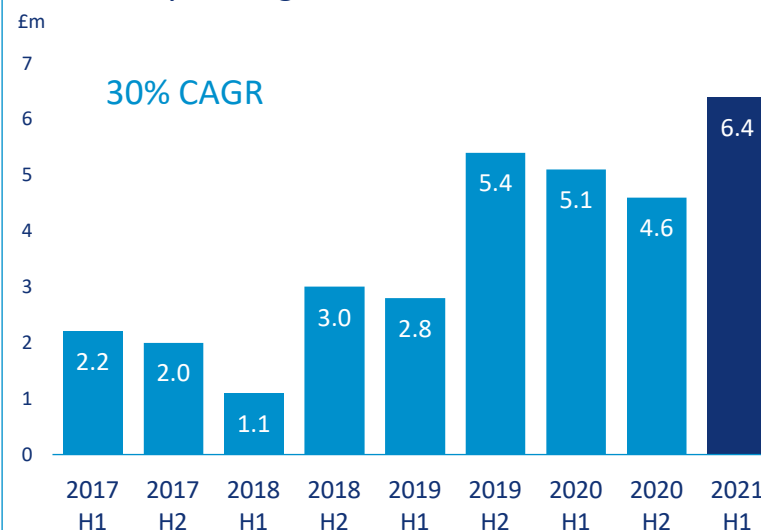
- Recovery in order intake, particularly Q2
- Demand recovery for driving robots (H2 2020 vs H1 2021)
- Book to bill ratio provides confidence in H2
- Launch of LaunchPad 60 product line
- GST120 market traction
- Strong interest and engagement with Euro-NCAP and OEMs on ESS/Halo
- Established contract with EC Joint Research Centre

H1 revenue by sector



£6.4m +23%

Laboratory testing and simulation revenue

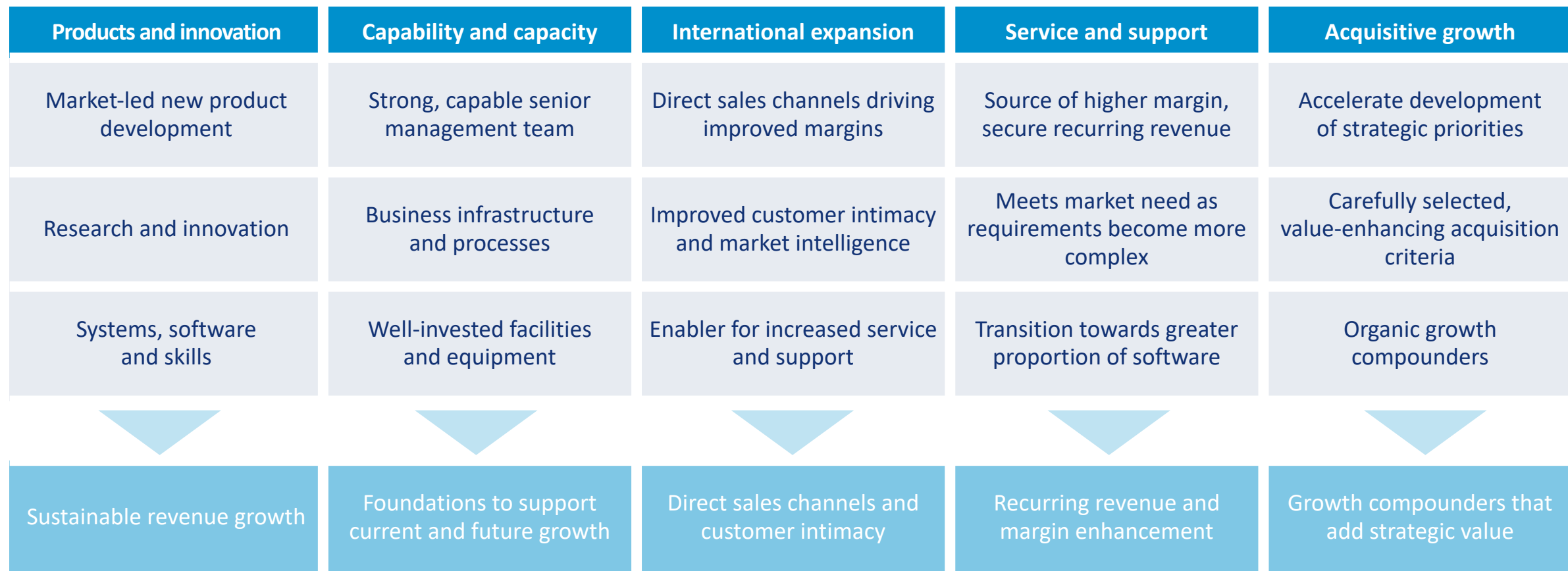


Highlights

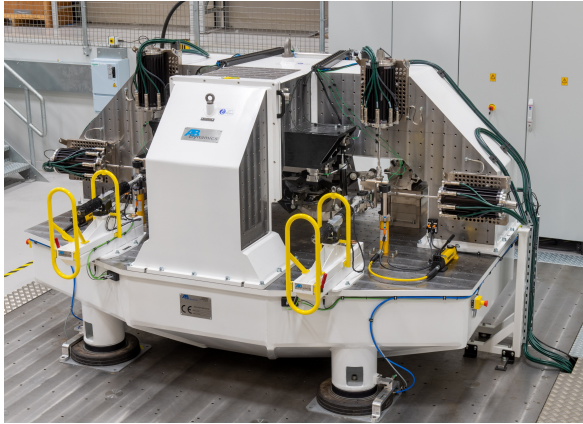
- SPMM sales flat on 2020 due to order intake timing
- Strong growth in simulation of 39%, both simulators and software
- Significant recovery of simulation vs H2 2020
- Positive trading momentum with solid order book for H2
- Major partnership with automotive OEM for next generation full motion simulator
- Development of rFpro headlight simulation capability

Strategic update





New product development and R&D



- Completion of aNVH 250
- Market launch of LaunchPad 60
- Continued development of wider ADAS platform family
- Halo driving robot for ESS applications
- Development of next generation full motion simulator
- Continued expansion of rFpro capability

Capability and capacity



- Completion of new Engineering Design Centre including simulation suite
- ERP system expected go live during 2021
- Continued investment in senior management team
- Talent management and leadership development

International expansion and acquisitive growth



- Completion of Vadotech Group acquisition
- Expansion into strategically important APAC region
- Acquisition pipeline remains promising

Strategic rationale

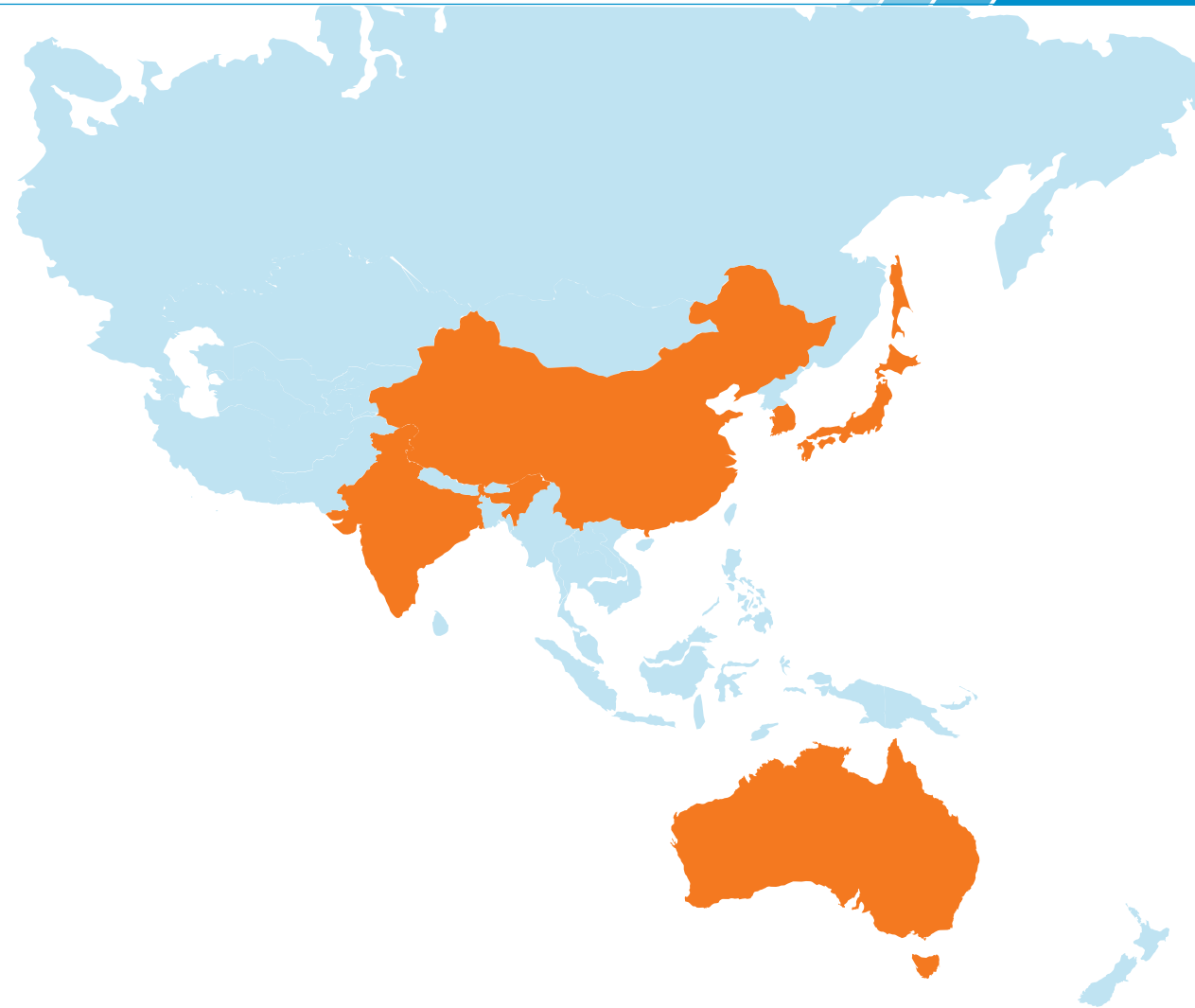
- International expansion into APAC region
- Provision of on-road testing services capability
- Supported by long-term customer relationships and agreements
- Investment in an operating hub in Singapore to drive organic growth and further acquisitions
- Capabilities in e-mobility and EV testing

Growth opportunity

- Opportunity to replicate business model within China and other important territories, e.g. Europe and the USA
- Organic growth initiatives through Group-wide cross-selling and synergistic benefits
- Establish closer working relationships with customers in the region
- Increased access to EV market supported by strong structural drivers



- With the acquisition of Vadotech Group, Asia Pacific currently represents ca. 55% of total Group revenues
- Along with North America, Asia Pacific is forecast to be the fastest growing territory for core automotive market driven by population, connected vehicles, EVs and autonomous vehicles
- Differing market dynamics and large installed base requires local resources and expertise in key target territories of:
 - China
 - Japan
 - South Korea
 - India
 - Australia
 - ASEAN countries
- Investment in Singapore based operating hub used to drive organic growth in both core and adjacent markets and future acquisitions



- The Board is fully committed to the development and implementation of an effective ESG strategy
- The Board has formed an ESG Committee chaired by Louise Evans (Non-Executive Director) with membership including the Chief Executive Officer
- The Group is fundamentally aligned to ESG through a mission to drive ongoing improvements in reduction of road based injuries and fatalities
- Continued Group diversification towards Electric Vehicles also supports the Group's sustainability objectives
- ESG objectives and action plans are currently being developed and will be reported as part of full year results



Solar panels on the new Engineering Design Centre



Summary and outlook

The image is a conceptual representation of automotive technology, likely autonomous driving. It features a blue monochromatic color scheme. In the foreground, a car is depicted as a white wireframe mesh, showing its internal structure. In the background, a solid, dark-colored car is visible. Further back, another wireframe car is shown, along with a small human figure for scale. The scene is overlaid with a semi-transparent blue rectangle that contains the text 'Summary and outlook' in a white, sans-serif font. The overall composition suggests a focus on the future of transportation and the integration of digital models with physical vehicles.

- H1 in line with expectations due to continued COVID-19 impact and limitations on customer testing operations
- Order intake recovery, particularly in Q2
- Continued investment in new product development, capabilities, people and talent
- Long-term structural and regulatory growth drivers remain intact
- Outlook remains positive:
 - Trading momentum provides confidence for H2 and beyond, although some short-term risks remain
 - Expectation of continued strong performance in Laboratory testing and simulation
 - Accretive contribution from the acquisition of Vadotech Group
 - Strong balance sheet supports continued investment in innovation and value-enhancing acquisitions



These presentation slides (the 'Slides') have been issued by AB Dynamics plc (the 'Company') in relation to the Company's unaudited results for the period ended 28 February 2021.

The Slides have been prepared by and are the sole responsibility of the Company. Although all reasonable care has been taken to ensure that the facts stated in the Slides and accompanying verbal presentation are true and accurate to the best of the Directors of the Company's (the 'Directors') knowledge, information and belief and that the opinions expressed are fair and reasonable, no representation, undertaking or warranty is made or given, in either case, expressly or impliedly, by the Company or any of its subsidiaries or Peel Hunt or any of their respective shareholders, directors, officers, employees, advisers or agents as to the accuracy, fairness, reliability or completeness of the information or opinions contained in the Slides or the accompanying verbal presentation or as to the reasonableness of any assumptions on which any of the same is based or the use of any of the same.

Accordingly, no such person will be liable for any direct, indirect or consequential loss or damage suffered by any person resulting from the use of the information or opinions contained herein (which should not be relied upon), or for any opinions expressed by any such person, or any errors, omissions or misstatements made by any of them, save in the event of fraud or wilful default. Prospective investors are encouraged to obtain separate and independent verification of information and opinions contained herein as part of their own due diligence.

The Slides have not been approved by an authorised person for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended) ('FSMA'). In the United Kingdom, the Slides are exempt from the general restriction in Section 21 of FSMA on the communication of invitations or inducements to engage in investment activity pursuant to the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the 'Financial Promotion Order') on the grounds that it is directed only at the following, being persons who the Company reasonably believes to be: (a) persons having professional experience in matters relating to investments (being "Investment Professionals" within the meaning of article 19(5) of the Financial Promotion Order); (b) persons who fall within article 49 of the Financial Promotion Order (high net worth companies, unincorporated associations, or partnerships or the trustees of high value trusts); or (c) other persons who have professional experience in matters relating to investments and to whom the Slides and accompanying verbal presentation may otherwise be lawfully communicated (all such persons together being referred to as "Relevant Persons"). By attending the presentation of the Slides, you represent and warrant that you are a Relevant Person. The content of the Slides is only available to Relevant Persons, and is not to be disclosed to any other person of any other description, including those that do not have professional experience in matters in relation to investments, and should not be used for any other purpose, and any other person who receives the Slides should not rely or act upon them. Any investment or investment activity or controlled activity to which the Slides relates is available only to such Relevant Persons and will be engaged in only with such Relevant Persons. Reliance on the communication set out in the Slides for the purpose of engaging in any investment activity may expose an individual to a significant risk of losing all of the property invested or of incurring additional liability. Any individual who is in any doubt about the investment to which the Slides relate should consult an authorised person specialising in advising on investments of the kind referred to in the Slides.

The distribution of the Slides in other jurisdictions may be restricted by law and persons into whose possession the Slides come should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of any such other jurisdictions. The Slides are not for distribution outside the United Kingdom and, in particular, the Slides or any copy of them should not be distributed, published, reproduced or otherwise made available in whole or in part by recipients to any other person, directly or indirectly, by any means (including electronic transmission) either to persons with addresses in Canada, Australia, Japan, the Republic of South Africa and the Republic of Ireland or to persons with an address in the United States, its territories or possessions or to any citizens, nationals or residents thereof, or to any corporation, partnership or other entity created or organised under the laws thereof, or any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement. Any such distribution could result in a violation of Canadian, Australian, Japanese, United States, South African or the Republic of Ireland law.

By attending the presentation and/or accepting the Slides, you agree to keep permanently confidential the information contained herein or sent herewith or made available in connection to further enquiries unless and until it comes into the public domain through no fault of your own and the Slides are

being supplied solely for your information. The Slides may not be copied, reproduced or distributed, in whole or in part, to others or published at any time without the prior written consent of the Company and Peel Hunt. Without prejudice to the foregoing, neither the Company, Peel Hunt nor its advisers, nor its representatives accept any liability whatsoever for any loss howsoever arising, directly or indirectly, from use of the Slides or its contents or otherwise arising in connection therewith.

The information and opinions contained in the Slides and accompanying verbal presentation are provided as at the date of this presentation and are subject to change without notice. Save as otherwise expressly agreed, none of the above should be treated as imposing any obligation to update or correct any inaccuracy contained herein or be otherwise liable to you or any other person in respect of any such information. In particular, and without limitation, nothing in the Slides and accompanying verbal presentation should be relied on for any purpose.

The Slides and the accompanying verbal presentation contain certain forward-looking statements and projections. These statements relate to future events or future performance and reflect the Directors' and management's expectations regarding the Company's growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect the Directors and management's current beliefs and are based on information currently available to the Directors and management and are based on reasonable assumptions as at the date of this presentation. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the control of the Company, the Directors or management that could cause actual performance or achievements or other expectations expressed to be materially different from such forward-looking statements. No assurance, however, can be given that the expectations will be achieved. While the Company makes these forward-looking statements in good faith, neither the Company, nor its Directors and management, can guarantee that the anticipated future results will be achieved and, accordingly, you should not rely on any forward-looking statements and the Company accepts no obligation to disseminate any updates or revisions to such forward-looking statements.

Peel Hunt is the Company's broker and is advising the Company and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Peel Hunt. Any other person should seek their own independent legal, investment and tax advice as they see fit. Peel Hunt's responsibilities as the Company's broker under the AIM Rules will be owed solely to London Stock Exchange plc and not to the Company, to any of its Directors or any other person in respect of a decision to subscribe for or acquire shares or other securities in the Company. Peel Hunt has not authorised the contents of, or any part of, the Slides for the purposes of Section 21 of FSMA and no representation or warranty, express or implied, is made as to any of the Slides' contents.

By agreeing to receive the Slides and continuing to attend the presentation to which they relate you: (i) represent and warrant that you are a Relevant Person and (ii) agree to the foregoing (including, without limitation, that the liability of the Company or Peel Hunt and their respective directors, officers, employees, agents and advisers shall be limited in the manner described above.

IF YOU ARE NOT A RELEVANT PERSON OR DO NOT AGREE WITH THE FOREGOING, PLEASE IDENTIFY YOURSELF IMMEDIATELY.

Contact

AB Dynamics plc

Middleton Drive
Bradford-on-Avon
Wiltshire

BA15 1GB England

Email: investors@abdplc.com

Tel: +44(0)1225 860 200

www.abdplc.com

