

## 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**

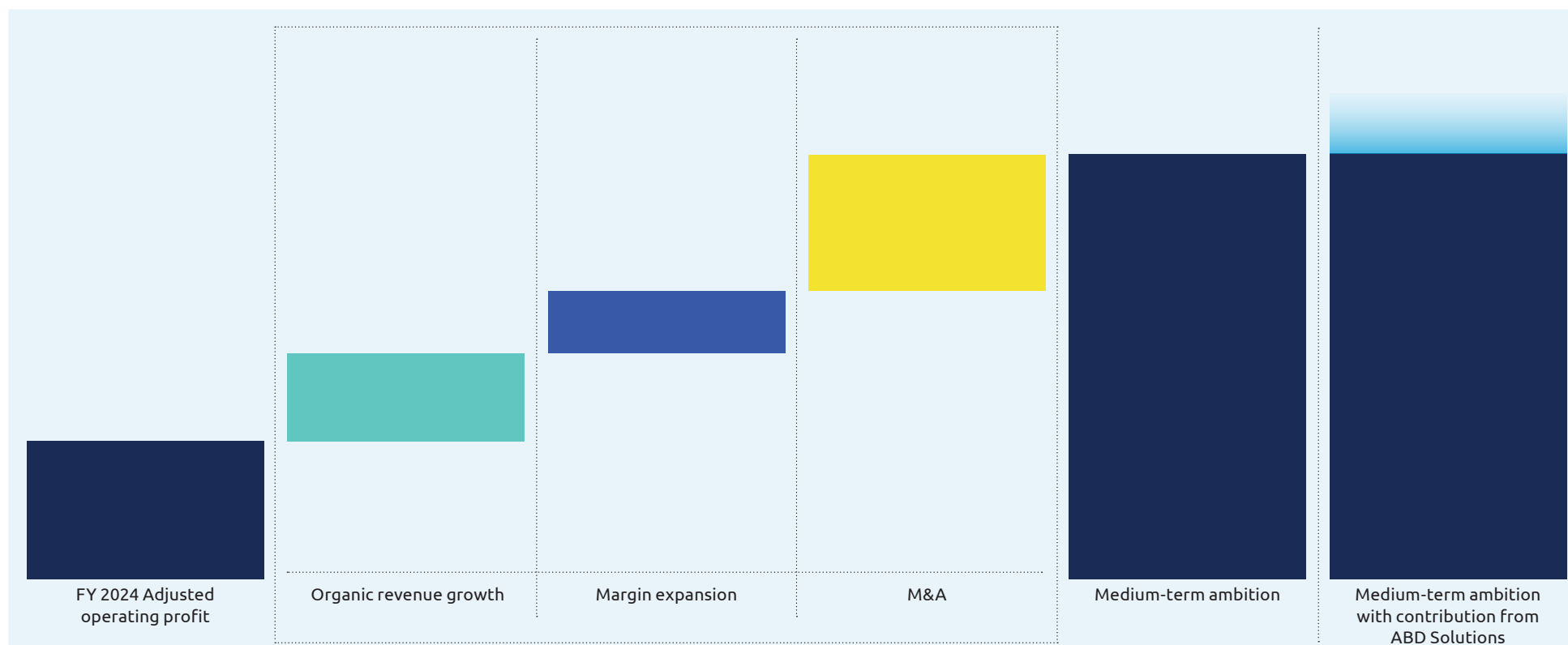
Highly differentiated products with continued investment in innovation underpin strong gross margins. Now that the Group has a solid and scalable operating platform, operating margin expansion will be delivered through operational gearing, improvements in the supply chain and operational efficiency. [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

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#### 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

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#### 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

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## 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>New vehicle models</b> <p>Links to strategy<br/> <a href="#">1</a> <a href="#">2</a> <a href="#">3</a> <a href="#">4</a> <a href="#">5</a> <a href="#">6</a><br/>           READ MORE ON PAGE 13</p> |  | <p>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.</p> | <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> |
| <b>New powertrains</b> <p>Links to strategy<br/> <a href="#">1</a> <a href="#">2</a> <a href="#">3</a> <a href="#">4</a> <a href="#">5</a> <a href="#">6</a><br/>           READ MORE ON PAGE 13</p>    |  | <p>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.</p>                                                                           | <p>The Group's vehicle development tools and testing equipment are powertrain agnostic.</p> <p>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.</p> <p>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.</p>                                                                                                                                                                                                                                                                                                                                                                                        |

## Our markets continued

| Market trend                                                                                         |  | Impact on market                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Opportunity for AB Dynamics                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------------------------------------------------------------------------------------------|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Consumer ratings</b> <p><b>Links to strategy</b></p> <p>1 2 3 4 5</p> <p>READ MORE ON PAGE 13</p> |  | <p>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.</p> <p>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.</p> | <p>Growth in demand for our test equipment and services is driven by:</p> <ul style="list-style-type: none"> <li>Improving safety technology as customers use our equipment in the development of new assisted driving and autonomous functions</li> <li>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</li> <li>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</li> <li>Standards expanding to multiple vehicle categories, such as commercial vans and trucks</li> <li>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</li> </ul> <p>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.</p> |
| <b>Regulation</b> <p><b>Links to strategy</b></p> <p>1 2 3 4 5</p> <p>READ MORE ON PAGE 13</p>       |  | <p>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.</p>                                                                                                       | <p>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.</p> <p>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.</p> <p>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.</p>                                                                              |

## 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&amp;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                                                                                                                                                                                                                                                                                                                                               | 2                                                                                                                                                                                                                                                                                                                                               | 3                                                                                                                                                                                                                                                           | 4                                                                                                                                                                           | 5                                                                                                                                                                           | 6                                                                                                                                                                           | 7                                                                                     | 8                                                                                     |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
|                | Concept design                                                                                                                                                                                                                                                                                                                                  | Sub-system design                                                                                                                                                                                                                                                                                                                               | Sub-system testing                                                                                                                                                                                                                                          | Prototype ADAS testing                                                                                                                                                      | Durability testing                                                                                                                                                          | Type approval                                                                                                                                                               | On-road testing                                                                       | NCAP testing                                                                          |
| Customer type  | OEM                                                                                                                                                                                                                                                                                                                                             | Tier 1 supplier<br>OEM                                                                                                                                                                                                                                                                                                                          | Tier 1 supplier<br>OEM                                                                                                                                                                                                                                      | OEM<br>Service provider<br>Tier 1 supplier                                                                                                                                  | OEM<br>Service provider                                                                                                                                                     | Ratings body/<br>regulator                                                                                                                                                  | OEM                                                                                   | Ratings body                                                                          |
| What we do     | <ul style="list-style-type: none"> <li>• Simulation</li> <li>• Human factors</li> <li>• SPMM benchmark</li> </ul>                                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>• SPMM data</li> <li>• Simulation</li> </ul>                                                                                                                                                                                                                                                             | <ul style="list-style-type: none"> <li>• Testing Products</li> <li>• Testing Services</li> </ul>                                                                                                                                                            | <ul style="list-style-type: none"> <li>• Testing Products</li> <li>• Testing Services</li> </ul>                                                                            | <ul style="list-style-type: none"> <li>• Testing Products</li> <li>• Testing Services</li> </ul>                                                                            | <ul style="list-style-type: none"> <li>• Testing Products</li> </ul>                                                                                                        | <ul style="list-style-type: none"> <li>• Testing Services</li> </ul>                  | <ul style="list-style-type: none"> <li>• Testing Products</li> </ul>                  |
| Teams involved |     |     |    |   |   |   |  |  |

## Chief Financial Officer's review

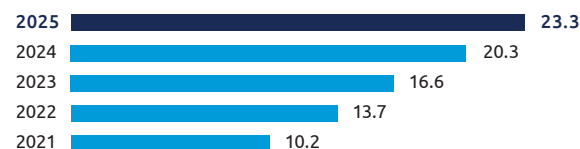
# Strong start to executing the medium-term growth plan, margin improvement supported by strong cash generation



**Sarah Matthews-DeMers**  
Chief Financial Officer

## Adjusted operating profit (£m)

**£23.3m** +15%



## Adjusted operating cash flow (£m)

**£29.4m** +5%



## 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<br>£m   | 2024<br>£m |
|---------------------------|--------------|------------|
| Cash and cash equivalents | <b>44.7</b>  | 31.8       |
| Lease liabilities         | <b>(3.3)</b> | (3.2)      |
|                           | <b>41.4</b>  | 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<br>£m | 2024<br>£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 |
|----------------------|------|------|
| <b>Year-end rate</b> |      |      |
| US Dollar            | 1.35 | 1.32 |
| Euro                 | 1.16 | 1.19 |
| Japanese Yen         | 199  | 191  |
| <b>Average rate</b>  |      |      |
| 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.

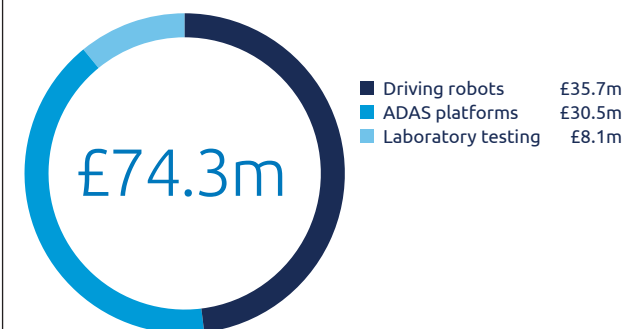
### Growth potential

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.

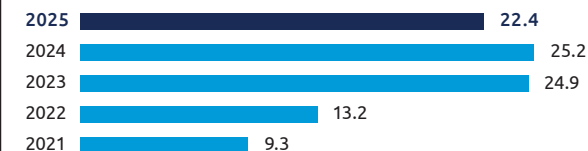
### Principal operations

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

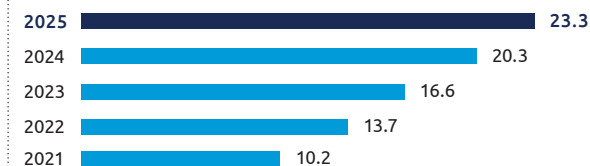
Double-digit growth in the first half of the year was tempered by more challenging conditions in the second half as the timing of simulator orders was impacted by macroeconomic disruption.

Link to strategy



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



## Key performance indicators continued

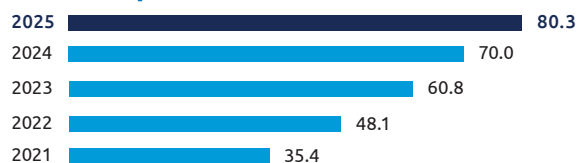
### Links to strategy

- |                                 |                                  |                             |
|---------------------------------|----------------------------------|-----------------------------|
| <b>1</b> Product and innovation | <b>2</b> Capability and capacity | <b>3</b> Acquisitive growth |
| <b>4</b> Service and support    | <b>5</b> International footprint | <b>6</b> 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<br>£m | Cash flow impact<br>£m | Profit impact<br>£m | Cash flow impact<br>£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 |
|-------------------------------------------------------------------------------------|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
|    | <b>Health and safety</b>    | Halve the number of global deaths and injuries from road traffic accidents                                                                 | <ul style="list-style-type: none"> <li>AB Dynamics plc's core business model and purpose are to advance road safety through facilitating deployment of active safety systems, ADAS and automation</li> <li>The Group benefits from regulatory tailwinds on new vehicles to ensure OEM adherence</li> </ul>                                                                                                                           | Pages 33 and 34  |
|    | <b>Our people</b>           | Achieve gender equality and empower all women and girls                                                                                    | <ul style="list-style-type: none"> <li>50% of the AB Dynamics plc Board is female in line with best practice</li> <li>We aim to further increase female representation across all levels throughout the business</li> <li>Sponsorship and support of women in STEM subjects</li> </ul>                                                                                                                                               | Page 36          |
|    | <b>Environment</b>          | Improve water quality by reducing pollution, reducing untreated wastewater and minimising the release of hazardous chemicals and materials | <ul style="list-style-type: none"> <li>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</li> </ul>                                                                                                                                                                                                                   | Page 44          |
|    | <b>Environment</b>          | Accelerate action on modern renewable energy – especially in heating and transport                                                         | <ul style="list-style-type: none"> <li>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&amp;D</li> <li>We are committed to using renewable energy sources in our operations wherever possible</li> <li>Our products and services support this development goal</li> </ul>                                         | Pages 40 to 43   |
|    | <b>Sustainable products</b> | Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation                                  | <ul style="list-style-type: none"> <li>We support the development of EVs through on-road testing of battery technology and charging infrastructure and laboratory testing of battery range</li> <li>ABD Solutions' core mission is to accelerate the transition to autonomy by providing retrofit solutions that reuse existing vehicles to automate vehicle applications</li> </ul>                                                 | Page 45          |
|  | <b>Transport and safety</b> | Increase safety of the transport network and reduce impact on cities, in particular air quality                                            | <ul style="list-style-type: none"> <li>The core mission of the Group is to advance road safety and support vehicle electrification, thereby reducing emissions within city centres</li> </ul>                                                                                                                                                                                                                                        | Page 10          |
|  | <b>Environment</b>          | Reduce waste generation by prevention, reduction, recycling and reusing                                                                    | <ul style="list-style-type: none"> <li>We follow a waste management hierarchy of Prevention, Reuse, Recycling, Energy Recovery and Disposal to ensure the reduction in waste sent to landfill</li> </ul>                                                                                                                                                                                                                             | Page 44          |
|  | <b>Climate change</b>       | Take urgent action to combat climate change and its impact and integrate climate change measures in policies, strategies and planning      | <ul style="list-style-type: none"> <li>Through aiding development of EVs, we provide support to electrify the transport network which is critical to reducing GHG emissions</li> <li>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</li> </ul> | 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                    | <b>566</b> | 512  |
| Reportable incidents                 | —          | —    |
| Lost time incidents                  | <b>1</b>   | —    |
| Near misses                          | <b>102</b> | 51   |
| Minor injury, first aid cases (FAC)  | <b>22</b>  | 26   |
| Injury rate per 100 employees        | <b>4.1</b> | 5.1  |
| Injury rate per 100,000 hours worked | <b>2.3</b> | 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

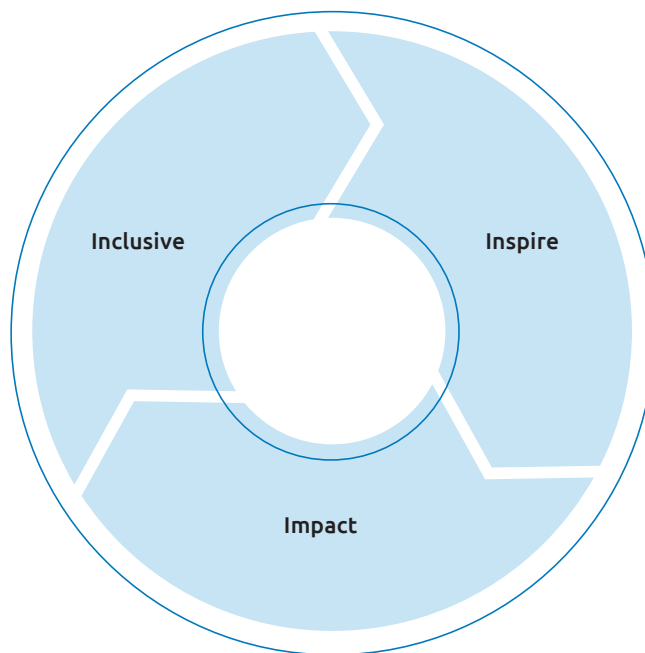
### Sustainability strategy

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<sub>2</sub> 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

|                                                | Units              | Absolute emissions (including Bolab Systems) |                   |              |       |                   |       |                       | Like-for-like emissions (excluding Bolab Systems) |                   |              |       |                   |       |                       |
|------------------------------------------------|--------------------|----------------------------------------------|-------------------|--------------|-------|-------------------|-------|-----------------------|---------------------------------------------------|-------------------|--------------|-------|-------------------|-------|-----------------------|
|                                                |                    | 2025                                         |                   |              | 2024  |                   |       | YoY % change in total | 2025                                              |                   |              | 2024  |                   |       | YoY % change in total |
|                                                |                    | UK                                           | Global (excl. UK) | Group        | UK    | Global (excl. UK) | Group |                       | UK                                                | Global (excl. UK) | Group        | UK    | Global (excl. UK) | Group |                       |
| <b>Scope 1 total</b>                           | tCO <sub>2</sub> e | <b>110</b>                                   | <b>485</b>        | <b>595</b>   | 110   | 393               | 503   | +18%                  | <b>110</b>                                        | <b>485</b>        | <b>595</b>   | 110   | 393               | 503   | +18%                  |
| Gas                                            | tCO <sub>2</sub> e | <b>96</b>                                    | <b>26</b>         | <b>122</b>   | 95    | 19                | 114   | +7%                   | <b>96</b>                                         | <b>26</b>         | <b>122</b>   | 95    | 19                | 114   | +7%                   |
| Company owned vehicle use                      | tCO <sub>2</sub> e | <b>14</b>                                    | <b>459</b>        | <b>473</b>   | 15    | 374               | 389   | +22%                  | <b>14</b>                                         | <b>459</b>        | <b>473</b>   | 15    | 374               | 389   | +22%                  |
| <b>Scope 2 (location based)</b>                | tCO <sub>2</sub> e | <b>135</b>                                   | <b>1,495</b>      | <b>1,630</b> | 154   | 947               | 1,101 | +48%                  | <b>135</b>                                        | <b>1,491</b>      | <b>1,626</b> | 154   | 947               | 1,101 | +48%                  |
| <b>Scope 2 (market based)</b>                  | tCO <sub>2</sub> e | <b>1</b>                                     | <b>1,495</b>      | <b>1,496</b> | 70    | 726               | 796   | +88%                  | <b>1</b>                                          | <b>1,486</b>      | <b>1,487</b> | 70    | 726               | 796   | +87%                  |
| <b>Total Scope 1 and 2 (location based)</b>    | tCO <sub>2</sub> e | <b>245</b>                                   | <b>1,980</b>      | <b>2,225</b> | 264   | 1,340             | 1,604 | +39%                  | <b>245</b>                                        | <b>1,976</b>      | <b>2,221</b> | 264   | 1,340             | 1,604 | +38%                  |
| <b>Total Scope 1 and 2 (market based)</b>      | tCO <sub>2</sub> e | <b>111</b>                                   | <b>1,980</b>      | <b>2,091</b> | 180   | 1,119             | 1,299 | +61%                  | <b>111</b>                                        | <b>1,971</b>      | <b>2,082</b> | 180   | 1,119             | 1,299 | +60%                  |
| <b>Scope 3 total</b>                           | tCO <sub>2</sub> e | <b>785</b>                                   | <b>496</b>        | <b>1,281</b> | 1,051 | 869               | 1,920 | -33%                  | <b>785</b>                                        | <b>467</b>        | <b>1,252</b> | 1,051 | 869               | 1,920 | -35%                  |
| Business travel                                | tCO <sub>2</sub> e | <b>784</b>                                   | <b>494</b>        | <b>1,278</b> | 1,050 | 868               | 1,918 | -33%                  | <b>784</b>                                        | <b>465</b>        | <b>1,249</b> | 1,050 | 868               | 1,918 | -35%                  |
| Water supply and treatment                     | tCO <sub>2</sub> e | <b>1</b>                                     | <b>2</b>          | <b>3</b>     | 1     | 1                 | 2     | +50%                  | <b>1</b>                                          | <b>2</b>          | <b>3</b>     | 1     | 1                 | 2     | +50%                  |
| <b>Total Scope 1, 2 and 3 (location based)</b> | tCO <sub>2</sub> e | <b>1,030</b>                                 | <b>2,476</b>      | <b>3,506</b> | 1,315 | 2,209             | 3,524 | -1%                   | <b>1,030</b>                                      | <b>2,443</b>      | <b>3,473</b> | 1,315 | 2,209             | 3,524 | -1%                   |
| <b>Total Scope 1, 2 and 3 (market based)</b>   | tCO <sub>2</sub> e | <b>896</b>                                   | <b>2,476</b>      | <b>3,372</b> | 1,231 | 1,988             | 3,219 | +5%                   | <b>896</b>                                        | <b>2,438</b>      | <b>3,334</b> | 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<br>(including Bolab Systems) |       |                             | Like-for-like emissions<br>(excluding Bolab Systems) |       |                             |
|------------------------------------------------------|-----------------------------------|-------------------------------------------------|-------|-----------------------------|------------------------------------------------------|-------|-----------------------------|
|                                                      |                                   | 2025                                            | 2024  | YoY %<br>change<br>in total | 2025                                                 | 2024  | YoY %<br>change<br>in total |
|                                                      |                                   | Group                                           | Group |                             | Group                                                | Group |                             |
| Revenue                                              | £m                                | 114.7                                           | 111.3 | +3%                         | 110.3                                                | 111.3 | -1%                         |
| Intensity by revenue (Scope 1 and 2 market based)    | tCO <sub>2</sub> e per £m revenue | 18.2                                            | 11.7  | +56%                        | 18.9                                                 | 11.7  | +61%                        |
| Intensity by revenue (Scope 1, 2 and 3 market based) | tCO <sub>2</sub> e per £m revenue | 29.4                                            | 28.9  | +2%                         | 30.2                                                 | 28.9  | +5%                         |

## Energy consumption by type

|                                       |     | 2025      |                      |           | 2024      |                      |           | YoY %<br>change<br>in total |
|---------------------------------------|-----|-----------|----------------------|-----------|-----------|----------------------|-----------|-----------------------------|
|                                       |     | UK        | Global<br>(excl. UK) | Group     | UK        | Global<br>(excl. UK) | Group     |                             |
| <b>Total electricity</b>              | 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%                         |
| <b>Gas</b>                            | kWh | 525,917   | 144,171              | 670,088   | 519,867   | 102,386              | 622,253   | +8%                         |
| <b>Company owned vehicle use</b>      | kWh | 49,097    | 1,842,171            | 1,891,268 | 60,734    | 1,558,117            | 1,618,851 | +17%                        |
| <b>Personal vehicle Company use</b>   | kWh | 36,625    | 109,822              | 146,447   | 69,823    | 311,616              | 381,439   | -62%                        |
| <b>Total energy consumption</b>       | 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 (m <sup>3</sup> )         | 6,982 | 7,176 |
| Intensity ratio (m <sup>3</sup> 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          |
| <b>Total</b>       | <b>Metric tonnes</b> | <b>182.2</b>        | <b>1.7</b>      | <b>183.9</b> |

#### 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              |
| <b>Total</b>                                                                  | <b>Metric tonnes</b> | <b>1.7</b>      | <b>182.2</b>        | <b>183.9</b>     | <b>265.0</b>     |

## 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<sub>2</sub> 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](http://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](http://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.

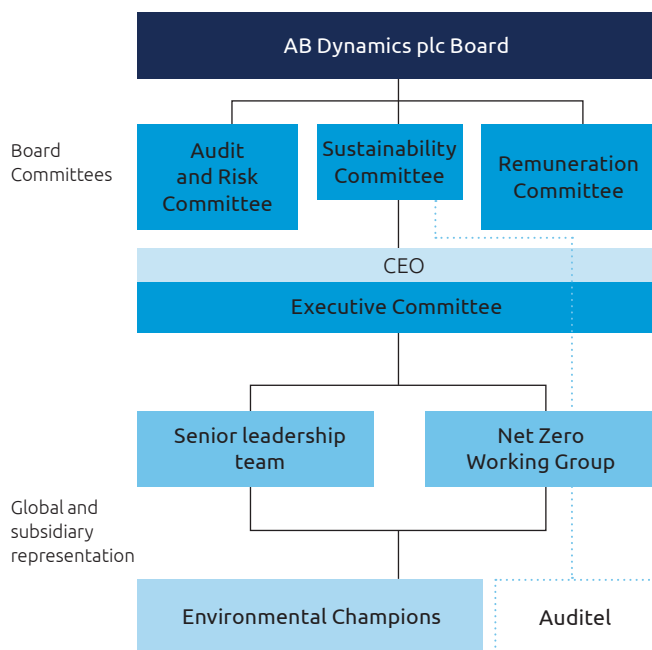
Members of the senior leadership team within the Group are responsible for setting and achieving specific environmental objectives assigned to their respective business unit. This includes monitoring the specific metrics assigned to each climate-related risk and opportunity in order to track progress 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<sup>1</sup>:** 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 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------|--------------|------------------------------------|
| <b>Flood disruption and damage</b>                                                                                                                                                                                                                                                                                                        |                |                                                                                                                                                                                                |                                                                                                                               |                                                                                                                                                                               |                   |            |              |                                    |
| 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 | <ul style="list-style-type: none"> <li>• Loss of revenue due to operational disruption and reducing productivity</li> <li>• Asset damage costs</li> <li>• Increased insurance costs</li> </ul> | <ul style="list-style-type: none"> <li>• Insurance coverage</li> <li>• Sales offices have ability to work remotely</li> </ul> | <ul style="list-style-type: none"> <li>• Number of days and revenue lost due to disruption</li> <li>• Cost of asset damage/ replacement</li> <li>• Insurance costs</li> </ul> | All time horizons | Moderate   | Minor        | RCP 8.5                            |

<sup>1</sup> 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<sub>2</sub> 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 |
|---------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------------|--------------|------------------------------------|
| <b>Carbon price in own operations and value chain</b>               |                                                                                                                                                                                                                                                                                                                                                 |                             |                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                 |                      |            |              |                                    |
| 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.<br><br>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 | <ul style="list-style-type: none"> <li>• Potential carbon tax related to GHG emissions in own operations and higher costs on purchases related to Scope 3 emissions</li> <li>• Greater costs associated with emissions activities</li> </ul>                 | <ul style="list-style-type: none"> <li>• Current and planned initiatives to reduce energy consumption and Scope 3 emissions and targets for decreased emissions across full footprint</li> <li>• Full Scope 3 carbon footprint to be completed to understand the risk fully</li> <li>• Engagement with suppliers</li> </ul> | <ul style="list-style-type: none"> <li>• Scope 1 and 2 emissions</li> <li>• Scope 3 emissions (purchased goods and services and upstream transportation and distribution)</li> <li>• Operating costs</li> </ul> | Medium to long term  | Moderate   | Minor        | NZE                                |
| <b>Failure to meet/maintain expected sustainability credentials</b> |                                                                                                                                                                                                                                                                                                                                                 |                             |                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                 |                      |            |              |                                    |
| 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              | <ul style="list-style-type: none"> <li>• Shareholder concern resulting in increased cost of capital and loss of investment</li> <li>• Loss of customer trust, competitive advantage and potentially supplier status could lead to reduced revenue</li> </ul> | <ul style="list-style-type: none"> <li>• Continuous improvement in sustainability reporting to align with external frameworks and rating agencies</li> <li>• Publish a full transition plan to meet net zero target</li> <li>• Communication with stakeholders</li> </ul>                                                   | <ul style="list-style-type: none"> <li>• Scope 1, 2 and 3 emissions</li> <li>• ESG rating agency scores</li> <li>• ISO 14001 certification</li> <li>• Revenue</li> <li>• Cost of capital</li> </ul>             | 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 |
|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|---------------------|------------|--------------|----------------------------------------|
| <b>Aiding the transition to a green economy</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                |                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                  |                                                                                                                          |                     |            |              |                                        |
| 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.<br><br>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 | <ul style="list-style-type: none"> <li>Increased revenue from the expanding EV market</li> <li>New revenue streams for retrofit solutions of autonomous systems in adjacent markets</li> <li>Increased market share where our offerings assist sustainability targets</li> </ul> | <ul style="list-style-type: none"> <li>Marketing strategy to communicate our ability to meet sustainability requirements</li> <li>Continue to develop ABD Solutions to meet market needs</li> <li>R&amp;D investment strategy to adapt to market and industry changes</li> </ul> | <ul style="list-style-type: none"> <li>Revenue</li> <li>Market share</li> </ul>                                          | Medium term         | Likely     | Moderate     | NZE                                    |
| <b>Renewable energy</b>                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                |                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                  |                                                                                                                          |                     |            |              |                                        |
| 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 | <ul style="list-style-type: none"> <li>Reduced operating costs for energy</li> <li>Reduced impact of carbon pricing in own operations</li> <li>Reduced energy bills through generation of own renewable energy on site</li> </ul>                                                | <ul style="list-style-type: none"> <li>Transition of overseas subsidiaries to renewable energy where possible</li> <li>Further implementation of green energy initiatives, for example the installation of additional solar panels across our sites</li> </ul>                   | <ul style="list-style-type: none"> <li>Scope 2 emissions</li> <li>Energy consumption</li> <li>Operating costs</li> </ul> | 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

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

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

## 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](http://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.

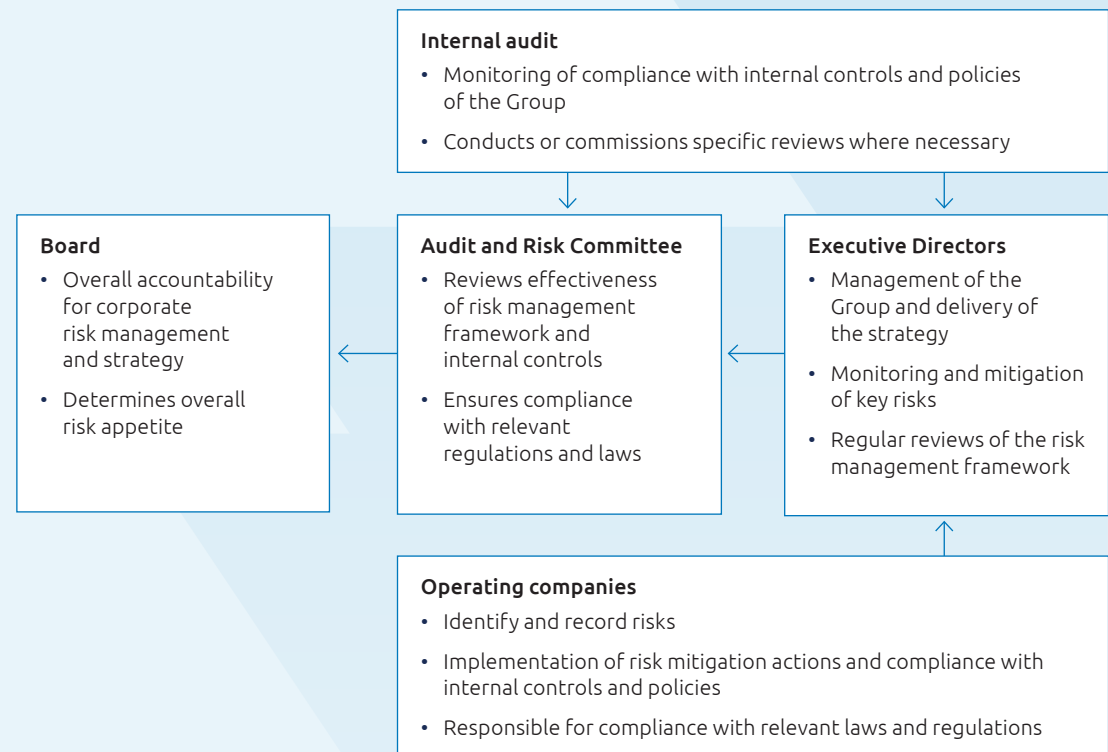
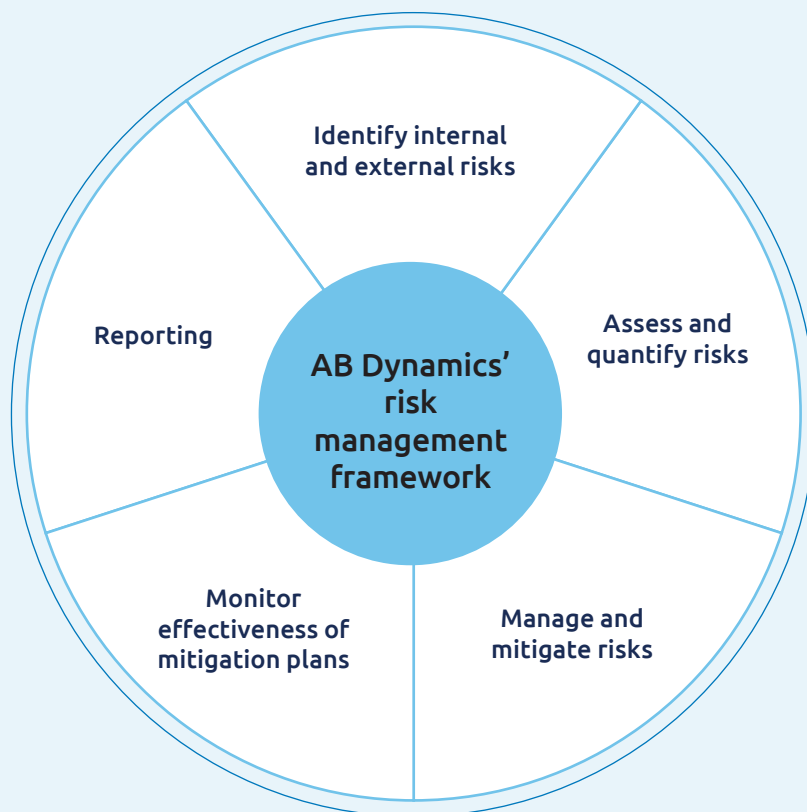
The Board has developed the framework to identify and manage risks, set the risk appetite of the Group and determine the overall risk tolerance levels.

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





## Principal risks and uncertainties

# Managing our risks throughout the Group

Change  Increased  No change  Decreased

| Strategic risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Downturn or instability in major geographic markets or market sectors</b><br><br><b>Description</b><br>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.              | <b>Supply chain disruption</b><br><br><b>Description</b><br>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.                                                                                                                                                                                  | <b>Disruption in automotive market and loss of major customers</b><br><br><b>Description</b><br>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.                                                                                                                                                                                                                                                                                       | <b>Failure to deliver new products</b><br><br><b>Description</b><br>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. | <b>Dependence on external routes to market</b><br><br><b>Description</b><br>The Group uses several agents and resellers to address particular geographic markets: <ul style="list-style-type: none"> <li>• Risk of reduced revenues if agreements end at short notice</li> <li>• Limited control of market pricing with resellers</li> <li>• Potential financial consequences on termination</li> </ul> | <b>Acquisition integration and performance</b><br><br><b>Description</b><br>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.                                                                                                                                                                                                                |
| <b>Mitigation</b> <ul style="list-style-type: none"> <li>• Revenue spread across a range of geographic markets</li> <li>• Active safety and autonomous vehicle technology required despite automotive downturn</li> <li>• Strategy and action plan implemented to enter adjacent markets</li> <li>• Flexing location of manufacturing to minimise impact of tariff increase</li> <li>• Constant monitoring of market trends, drivers and needs to ensure market leadership</li> <li>• Price increases to customers mitigate impact of inflationary cost pressures</li> </ul> | <b>Mitigation</b> <ul style="list-style-type: none"> <li>• Dual sourcing for key components wherever possible provides mitigation for key suppliers or a tooling failure</li> <li>• Maintaining safety stock levels sufficient to protect against short-term disruption</li> <li>• Flexibility in production scheduling to mitigate price increases</li> <li>• Price increases to customers mitigate impact on margins</li> </ul> | <b>Mitigation</b> <ul style="list-style-type: none"> <li>• The Group's products are used in R&amp;D not in automotive production</li> <li>• The Group is OEM agnostic, supplying to all major OEMs providing diversification</li> <li>• We do not have any customers who represent more than 10% of Group revenue</li> <li>• Products are used across all powertrains</li> <li>• Long-term relationships with all key customers</li> <li>• A significant proportion of our revenue now relates to recurring software licences, support contracts and long-term arrangements with customers</li> </ul> | <b>Mitigation</b> <ul style="list-style-type: none"> <li>• Process for identifying new product opportunities established</li> <li>• Product development process implemented</li> </ul>                                                               | <b>Mitigation</b> <ul style="list-style-type: none"> <li>• Direct sales model in key territories with offices in Germany, USA and Japan</li> <li>• The Group will maintain agents and resellers in other territories as appropriate</li> <li>• Risks relating to financial consequences are understood and all transitions managed to minimise potential quantum of termination payments</li> </ul>     | <b>Mitigation</b> <ul style="list-style-type: none"> <li>• Extensive financial, commercial and legal due diligence</li> <li>• Appropriate warranties and indemnities from sellers</li> <li>• Use of earnout deal structures to ensure management incentivisation and continuity</li> <li>• Senior management in place across all functional areas to support acquisitions</li> <li>• Close management and monitoring of business performance against budget</li> </ul> |
| <b>Change</b><br>Increased                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Change</b><br>No change                                                                                                                                                                                                                                                                                                                     | <b>Change</b><br>No change                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>Change</b><br>No change                                                                                                                                      | <b>Change</b><br>No change                                                                                                                                                                                                                                                                                         | <b>Change</b><br>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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Description</b><br>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. | <b>Description</b><br>Loss of a significant customer to competition could result in reduced revenues.<br><br>Competitors may develop new technologies and/or products which may restrict revenue growth. Competitors may establish physical assets in key locations.                                                                                                              | <b>Description</b><br>The unexpected loss of key individuals could have an adverse effect on the Group's performance.                                                                                                                                                                                        | <b>Description</b><br>Unforeseen new and novel technology, including AI, displaces the need for Group products and services, or replicating the intellectual property of the Group.<br><br>Uncontrolled use of AI may result in unintentional sharing of intellectual property.<br><br>Simulation potentially reduces the volume of physical testing products.                                                                                                                                                                                      | <b>Description</b><br>Risk that products supplied by the Group fail in service and result in a claim under product liability.                                                                                                                                                                                                                                                             | <b>Description</b><br>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.                                                                                                                                                                                                                                                                                                                        |
| <b>Mitigation</b> <ul style="list-style-type: none"> <li>TISAX® accreditation pending</li> <li>Cyber Essentials certification achieved in the UK</li> <li>Implementation of enhanced security around remote access</li> </ul>       | <b>Mitigation</b> <ul style="list-style-type: none"> <li>Focus on high levels of customer service to retain key customers</li> <li>Constant product and technology development</li> <li>Monitoring of competitors and the IP/patents to ensure no infringement on Group intellectual property</li> <li>Monitoring of competitor product launches and territory actions</li> </ul> | <b>Mitigation</b> <ul style="list-style-type: none"> <li>Expansion of staff headcount and specific actions around succession planning and talent management</li> <li>Strong staff retention rate with average length of service of more than four years</li> <li>Broadened senior management team</li> </ul> | <b>Mitigation</b> <ul style="list-style-type: none"> <li>Constant horizon scanning of new technologies</li> <li>Engagement with customers and regulators to ensure we meet their current and future requirements</li> <li>Continued investment in infrastructure, systems and processes for growth to ensure the Group can address both virtual and real-world testing</li> <li>Leveraging the benefits of AI technology and tools through controlled adoption</li> <li>AI policy defines restrictions to control and protect Group data</li> </ul> | <b>Mitigation</b> <ul style="list-style-type: none"> <li>Robust product development process ensuring products are safe and fit for purpose</li> <li>Established quality system to ensure that manufactured products meet the design standard</li> <li>Suitably qualified and experienced engineering and technology staff</li> <li>Product liability insurance policy in place</li> </ul> | <b>Mitigation</b> <ul style="list-style-type: none"> <li>Strategic priority placed on Group's capability and capacity</li> <li>Implementation of a three-year financial model which determines requirements for people, facilities and equipment</li> <li>Scope for further operating expansion within existing footprint. Resources available for further expansion as necessary</li> <li>Implementation of appropriate IT infrastructure through comprehensive CRM/ERP system</li> <li>Overseas offices established in the USA, Germany and Japan to support customers and installed product base</li> </ul> |
| <b>Change</b><br>Increased                                                                                                                       | <b>Change</b><br>No change                                                                                                                                                                                                                                                                     | <b>Change</b><br>No change                                                                                                                                                                                                | <b>Change</b><br>No change                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Change</b><br>No change                                                                                                                                                                                                                                                                           | <b>Change</b><br>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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <p><b>Description</b></p> <p>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.</p> <p>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.</p> | <p><b>Description</b></p> <p>The Group has exposure to counterparty risk in relation to cash deposits.</p> <p>The Group also operates in areas where a potential cash repatriation risk arises.</p>                                                                                                                    | <p><b>Description</b></p> <p>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.</p>                                                                                     | <p><b>Description</b></p> <p>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.</p> <p>The Group's subsidiaries operate across a number of tax jurisdictions which exposes the Group to transfer pricing compliance risk on intercompany transactions.</p> | <p><b>Description</b></p> <p>The Group utilises its intellectual property to deliver product and service revenue. Intellectual property theft and/or infringement could adversely affect product sales.</p>                                                                                                                                                                                                                                                                                                                                               | <p><b>Description</b></p> <p>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.</p>                                                                                                                                                                                                                                                                                                                                             |
| <p><b>Mitigation</b></p> <ul style="list-style-type: none"> <li>Group finance function monitors currency exposure forecasts</li> <li>Majority of the Group's revenues are contracted in GBP</li> <li>Use of foreign currency contracts to hedge remaining exposure where appropriate</li> </ul>                                                                                                                                                                                     | <p><b>Mitigation</b></p> <ul style="list-style-type: none"> <li>Counterparty credit ratings are monitored on a regular basis</li> <li>Cash deposits are spread across a number of different counterparties</li> <li>Cash exposed to repatriation risk is kept to a minimum and monitored on a regular basis</li> </ul> | <p><b>Mitigation</b></p> <ul style="list-style-type: none"> <li>Risk is assessed on a case-by-case basis. Credit limits and payment terms are established according to risk</li> <li>Advance payments and letters of credit are used where appropriate</li> </ul> | <p><b>Mitigation</b></p> <ul style="list-style-type: none"> <li>Transfer pricing risk is monitored on a regular basis and transfer pricing documentation is maintained</li> </ul>                                                                                                                                                                                                                                                                                                                                           | <p><b>Mitigation</b></p> <ul style="list-style-type: none"> <li>The Group has patented technology where appropriate that covers the key sales territories</li> <li>Where products are not able to be protected through patents, design features and/or encryption is used to protect the core IP</li> <li>Continual review of current patent and IP status noting adverse changes in macroeconomic conditions in key territories or specific automotive markets</li> <li>Review of new products/technology conducted to ensure IP is protected</li> </ul> | <p><b>Mitigation</b></p> <ul style="list-style-type: none"> <li>The Sustainability Committee was formed in FY 2021 with responsibility for the creation of sustainability policies and framework while promoting sustainable long-term growth</li> <li>Continued focus delivering the medium-term plan for achieving net zero targets</li> <li>Group Environmental Policy published</li> <li>Carbon footprint baseline report published</li> <li>MSCI ESG rating of AAA was awarded</li> <li>The Net Zero Working Group delivering Group carbon reductions</li> </ul> |
| <p><b>Change</b></p> <p>Increased </p>                                                                                                                                                                                                                                                                                                                                                           | <p><b>Change</b></p> <p>No change </p>                                                                                                                                                                                              | <p><b>Change</b></p> <p>No change </p>                                                                                                                                         | <p><b>Change</b></p> <p>Increased </p>                                                                                                                                                                                                                                                                                                                                                                                                 | <p><b>Change</b></p> <p>No change </p>                                                                                                                                                                                                                                                                                                                                                                                                                               | <p><b>Change</b></p> <p>No change </p>                                                                                                                                                                                                                                                                                                                                                                                                                                           |

## 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                                              |
|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| <b>Environmental matters</b>                    | <ul style="list-style-type: none"> <li>Environmental policy</li> </ul>                                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>Embedding sustainability</li> <li>Environment</li> <li>TCFD report</li> </ul>                                                                  | 31 and 32<br>40 to 44<br>48 to 53                  |
| <b>Employees</b>                                | <ul style="list-style-type: none"> <li>Salary planning policy</li> <li>Performance planning and review policy</li> <li>Health and safety policy</li> <li>Mental health and wellbeing policy</li> <li>Employee development programme</li> <li>Whistleblowing policy</li> <li>Travel policy</li> </ul> | <ul style="list-style-type: none"> <li>Health and safety</li> <li>Our people</li> <li>Ethics and compliance</li> </ul>                                                                | 33 and 34<br>35 to 39<br>46 and 47                 |
| <b>Social and community matters</b>             | <ul style="list-style-type: none"> <li>Social media policy</li> <li>Volunteering policy</li> </ul>                                                                                                                                                                                                   | <ul style="list-style-type: none"> <li>Embedding sustainability</li> <li>Our people</li> </ul>                                                                                        | 31 and 32<br>35 to 39                              |
| <b>Respect for human rights</b>                 | <ul style="list-style-type: none"> <li>Human rights policy</li> <li>Equality, diversity and inclusion policy</li> <li>Modern slavery policy</li> </ul>                                                                                                                                               | <ul style="list-style-type: none"> <li>Ethics and compliance</li> </ul>                                                                                                               | 46 and 47                                          |
| <b>Anti-bribery and corruption</b>              | <ul style="list-style-type: none"> <li>Anti-bribery policy</li> <li>Anti-facilitation of tax evasion policy</li> <li>Competition and anti-trust policy</li> <li>Conflicts of interest policy</li> </ul>                                                                                              | <ul style="list-style-type: none"> <li>Ethics and compliance</li> </ul>                                                                                                               | 46 and 47                                          |
| <b>Business model</b>                           |                                                                                                                                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>Investment case</li> <li>Our markets and strategy</li> <li>M&amp;A strategy</li> <li>Our business model</li> <li>Operational review</li> </ul> | 2 and 3<br>10 to 13<br>14<br>16 and 17<br>22 to 27 |
| <b>Stakeholders</b>                             |                                                                                                                                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>Stakeholder engagement</li> </ul>                                                                                                              | 54 and 55                                          |
| <b>Risk management</b>                          | <ul style="list-style-type: none"> <li>Internal control manual</li> </ul>                                                                                                                                                                                                                            | <ul style="list-style-type: none"> <li>TCFD report</li> <li>Risk management</li> <li>Principal risks and uncertainties</li> </ul>                                                     | 48 to 53<br>56 and 57<br>58 to 60                  |
| <b>Non-financial key performance indicators</b> | <ul style="list-style-type: none"> <li>Environmental policy</li> <li>Health and safety policy</li> </ul>                                                                                                                                                                                             | <ul style="list-style-type: none"> <li>Health and safety</li> <li>Our people</li> <li>Environment</li> </ul>                                                                          | 33 and 34<br>35 to 39<br>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