

Chairman's introduction to corporate governance

Good governance to promote long-term growth



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

Dear shareholders,

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

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

Role of the Board

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

Growth and scale

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

Board activities and environmental policy

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

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

Equality, diversity and inclusion

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

Chairman's introduction to corporate governance continued

Board effectiveness and evaluation

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

Annual General Meeting (AGM)

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

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

Richard Elsy CBE
Non-Executive Chairman
11 November 2025

Statement of corporate governance

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

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

Board performance review and evaluation

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

Summary of compliance with the QCA Code

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

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

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

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

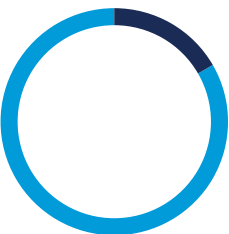
CONTINUE READING ABOUT OUR STATEMENT OF CORPORATE GOVERNANCE ON PAGE 68

Board of Directors

A leadership team creating sustainable shareholder value

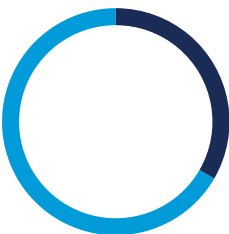
Board composition

Length of tenure



■ 0-5 years
■ 5+ years

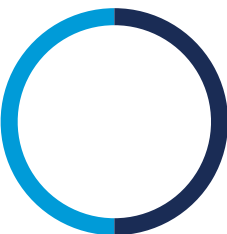
Balance of Executive and independent Non-Executive Directors



■ Executive
■ Non-Executive¹

1 The Chairman was assessed as independent on appointment.

Gender diversity



■ Male
■ Female

50%
50%

Collective Board skills

Richard Elsy CBE	 
Dr James Routh	 
Sarah Matthews-DeMers	  
Richard Hickinbotham	  
Louise Evans	  
Julie Armstrong	 

 Financial expert  Industry expert  Risk expert



R N S

Richard Elsy CBE
Non-Executive Chairman

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

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

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

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

Number of Board meetings attended:
7/7

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



S

Dr James Routh
Chief Executive Officer

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

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

Number of Board meetings attended:
7/7

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

Board of Directors continued

**Sarah Matthews-DeMers**

**Chief Financial Officer and
Chief Executive Officer designate**

Appointments:

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

Skills and experience:

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

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

Number of Board meetings attended:

7/7

External appointments:

Council Member, University of Exeter.

**Richard Hickinbotham**

Non-Executive Director (Independent)

Appointments:

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

Chair of the Remuneration Committee.

Skills and experience:

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

Number of Board meetings attended:

7/7

External appointments:

Richard is Non-Executive Chair of Directa Plus Plc.

**Louise Evans**

Non-Executive Director (Independent)

Appointments:

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

Chair of the Sustainability Committee.

Skills and experience:

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

Number of Board meetings attended:

7/7

External appointments:

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

**Julie Armstrong**

Non-Executive Director (Independent)

Appointments:

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

Skills and experience:

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

Number of Board meetings attended:

2/2

External appointments:

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

-  Audit and Risk Committee
-  Remuneration Committee
-  Nomination Committee
-  Sustainability Committee
-  Committee Chair

Executive Committee

A balance of skills

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

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

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



Dr James Routh
Chief Executive Officer



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

SEE PAGES 64 AND 65 FOR BIOGRAPHIES

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

Executive Committee continued

**Andrew Ng****Group President – Testing Products****Appointments:**

Joined the Group on 1 October 2021.

Skills and experience:

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

**Dan Clark****Group President – Simulation****Appointments:**

Joined the Group on 13 June 2022.

Skills and experience:

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

**Neil Carpenter****Managing Director – Testing Services****Appointments:**

Joined the Group on 1 June 2024.

Skills and experience:

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

**Matthew Price****Group Corporate Development Director****Appointments:**

Joined the Group on 1 January 2020.

Skills and experience:

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

**Ben Russell****Group Business Development Director****Appointments:**

Joined the Group on 1 November 2024.

Skills and experience:

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

**Rory Grunerud****Managing Director – ABD Solutions****Appointments:**

Joined the Group on 18 September 2024.

Skills and experience:

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

Statement of corporate governance

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

Principle 1

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

Purpose:

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

Strategy:

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

Business model:

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

Principle 2

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

Group values:

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

Health and Safety:

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

Ethics and compliance:

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

Principle 3

Seek to understand and meet shareholder needs and expectations.

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

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

Principle 4

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

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

Principle 5

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

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

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

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

Principle 6

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

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

Statement of corporate governance continued

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

Principle 7

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

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

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

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

Principle 8

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

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

Principle 9

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

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

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

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

Principle 10

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

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

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

Statement of corporate governance continued

Governance framework

Board

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

The Board's role is to:

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

Committees

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

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

Statement of corporate governance continued

Governance framework continued

Division of responsibilities

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

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

Executive Committee

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

Statement of corporate governance continued

Governance framework continued

Board and Committee attendance record

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

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

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

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

Effectiveness

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

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

Time commitments of the Non-Executive Directors

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

Matters reserved for the Board

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

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

Activities of the Board

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

Statement of corporate governance continued

Governance framework continued

Activities of the Board continued

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

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

Statement of corporate governance continued

Statement of corporate governance

Board meetings

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

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

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

Board composition

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

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

Board performance review

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

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

Some suggested forward-looking considerations include:

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

Powers of Directors

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

Directors' inductions, training and development

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

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

Risk management and internal controls

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

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

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

Statement of corporate governance continued

Statement of corporate governance continued

Delegation of authority

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

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

Anti-corruption

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

Whistleblowing and SpeakUp Portal

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

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

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

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

Diversity and equality

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

Re-election

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

Liability insurance

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

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

Professional advice

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

Conflicts of interest

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

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

Accountability

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

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

Statement of corporate governance continued

BOARD COMMITTEES

Audit and Risk Committee

Chaired by Louise Evans
(finance and audit expert)

Number of meetings in the year: 3

Role of the Committee

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

Nomination Committee

Chaired by Richard Elsy CBE
(industry expert)

Number of meetings in the year: 2

Role of the Committee

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

Remuneration Committee

Chaired by Richard Hickinbotham
(industry and finance expert)

Number of meetings in the year: 4

Role of the Committee

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

Sustainability Committee

Chaired by Louise Evans
(finance and audit expert)

Number of meetings in the year: 4

Role of the Committee

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

Statement of corporate governance continued

Stakeholder engagement

Consideration of all our stakeholders

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

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

Statement of corporate governance continued

Stakeholder engagement continued

Consideration of all our stakeholders continued

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

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

Nomination Committee report

Maintaining a balance of skills and experience



Nomination Committee members

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

Key activities for the year

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

Meetings

2

Dear shareholders,

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

Membership of the Committee

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

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

Responsibilities

The Committee's key responsibilities are:

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

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

Nomination Committee report continued

Board composition

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

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

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

Chief Executive Officer appointment

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

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

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

Board performance review

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

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

Director induction

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

Equality, diversity and inclusion

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

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

Succession planning

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

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

Richard Elsy CBE
Nomination Committee Chair
11 November 2025

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

Audit and Risk Committee report

Monitoring all aspects of financial reporting and risk



Audit and Risk Committee members

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

Key activities for the year

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

Meetings

3

Dear shareholders,

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

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

Membership of the Audit and Risk Committee

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

Operation of the Committee

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

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

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

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

Audit and Risk Committee activities

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

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

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

Audit and Risk Committee report continued

Audit and Risk Committee activities continued

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

Review of financial statements

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

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

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

- Review of acquisition accounting: the Committee considered the allocation of the purchase price of Bolab between the acquired net assets, separately identifiable intangible assets and goodwill and was satisfied that the allocation is appropriate
- Review of assets held for sale: the Committee considered the classification of the land asset that is held for sale and was satisfied that a sale is highly probable and therefore the classification is appropriate

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

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

External audit

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

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

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

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

Risk and internal control framework

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

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

Louise Evans
Audit and Risk Committee Chair
11 November 2025

Sustainability Committee report

Enhancing sustainability across our Group



Sustainability Committee members

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

Key activities for the year

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

Meetings

4

Dear shareholders,

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

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

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

Role and activities

The role of the Committee includes:

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

Activities during the year

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

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

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

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

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

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

Looking forward

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

Louise Evans
Sustainability Committee Chair
11 November 2025

Directors' remuneration report

Annual Statement

Our Remuneration Policy accords with the interests of our shareholders



Remuneration Committee members

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

Meetings

4

Key activities for the year

During the year, the Committee considered:

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

Dear shareholders,

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

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

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

Remuneration Policy

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

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

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

Performance outcomes

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

Directors' remuneration report continued

Annual Statement continued

Implementation of the Policy for the year ended 31 August 2025

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

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

Implementation of the Policy for the year ending 31 August 2026

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

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

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

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

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

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

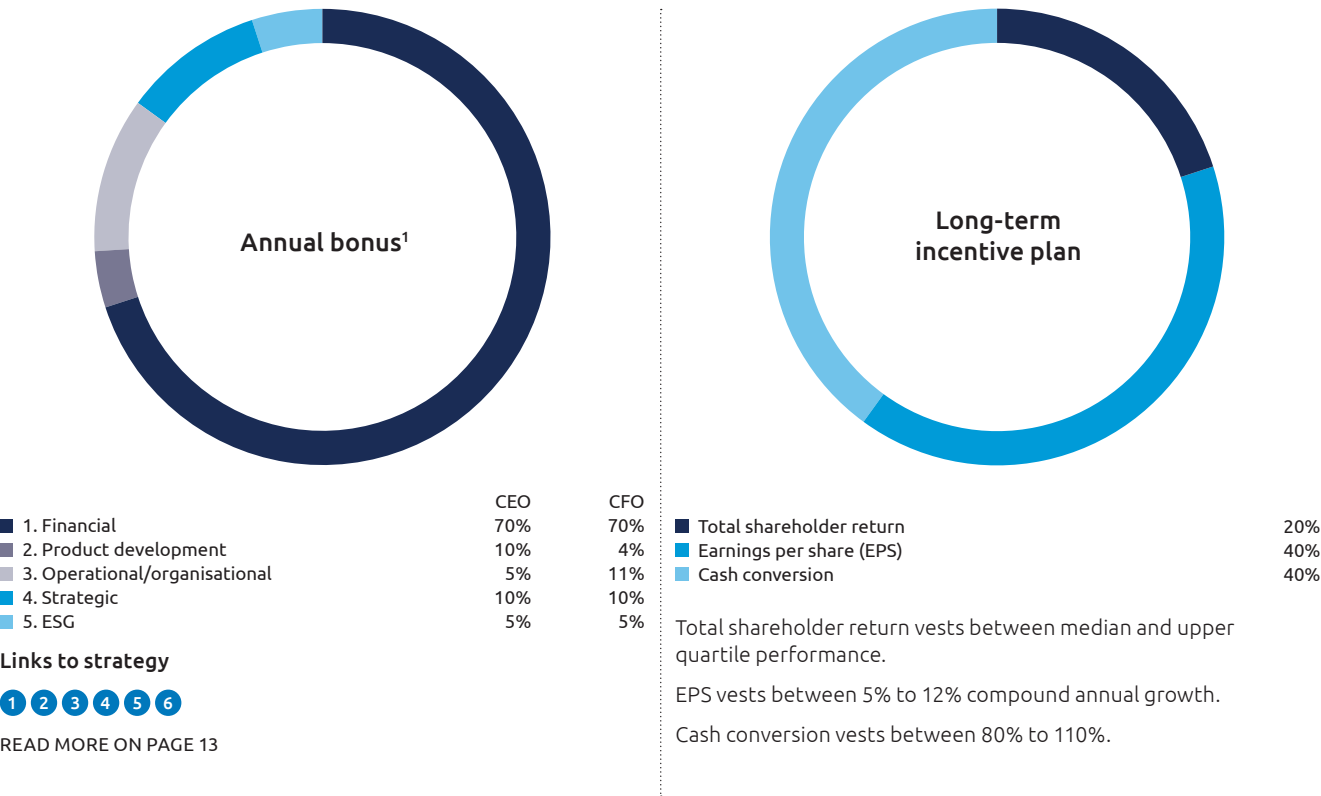
Directors’ remuneration report continued

Remuneration Policy

Remuneration at a glance

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

Strategic alignment of remuneration with FY 2025 KPIs



Remuneration Policy and FY 2025 outturn				
Dr James Routh¹				
Actual	£468k			
Minimum	£468k			
On target	£468k	£265k	£330k	
Maximum	£468k	£351k		£661k
Sarah Matthews-DeMers				
Actual	£351k	£314k		
Minimum	£351k			
On target	£351k	£199k	£248k	
Maximum	£351k	£398k		£495k
On target assumes the annual bonus and LTIP vest at 50% of maximum for FY 2025. No share price appreciation is included.				
* The LTIP shares awarded in FY 2025 will only vest in three years' time, therefore the value cannot be presented in the actual outturn. For the value of LTIP share awards granted in FY 2022 which vested in FY 2025 please refer to the single figure table for Executive Directors on page 88.				

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

Directors' remuneration report continued

Remuneration Policy continued

Directors' Remuneration Policy

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

Discretion

The Committee has discretion to adjust the formulaic:

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

Recruitment policy

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

Directors' remuneration report continued

[Annual Report on Remuneration](#)**Annual Report on Remuneration**

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

Single figure table for Executive Directors

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

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

CFO's annual bonus

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

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

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

Directors' remuneration report continued

Annual Report on Remuneration continued

Annual Report on Remuneration continued

Share awards issued in the year

Deferred bonus awards

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

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

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

LTIP awards

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

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

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

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

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

Directors' interests in shares

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

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

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

Directors' remuneration report continued

[Annual Report on Remuneration continued](#)

Directors' interests in long-term incentive awards

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

Notes:

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

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

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

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

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

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

CEO pay ratio

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

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

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

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

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

Directors’ remuneration report continued

[Annual Report on Remuneration continued](#)

Directors’ contracts

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

Single figure table for Non-Executive Directors

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

1 Appointed to the Board on 14 May 2025.

Advisers

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

Payments to past Directors

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

Board changes and payments for loss of office

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

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

Richard Hickinbotham
Remuneration Committee Chair
11 November 2025

Directors' report

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

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

Information	Section in Annual Report	Page
Business review	Strategic report	1 to 30
Principal risks and uncertainties	Strategic report	58 to 60
Risk management and internal controls	Strategic report – Risk management	56 and 57
Disclosure of information to auditor	Governance – Directors' report	94
Dividend recommendation for the year	Strategic report – Chairman's statement	9
Strategy and future developments of the Company	Strategic report	13 to 17
Directors who held office during the year	Governance – Board of Directors	64 and 65
Directors' and Officers' liability insurance in place	Governance – Directors' report	94
Director skills, experience and independence	Governance – Board of Directors	64 and 65
Rules governing the appointment of Directors	Governance	74
Powers of Directors	Governance	74
Structure of share capital, including restrictions and the transfer of securities, voting rights and significant shareholders	Governance – Directors' report	93 and 94
Non-financial information statement	Strategic report	61
Articles of Association and the rules governing changes to them	Governance – Directors' report	93
Company's energy usage and greenhouse gas emissions	Strategic report – Sustainability	40 to 44
Research and development	Strategic report	20
Director remuneration details	Governance – Remuneration Committee report	84 to 91
Corporate social responsibility	Strategic report – Sustainability	35 to 39
Employee engagement	Strategic report – Sustainability	35
Employment policies	Strategic report – Sustainability	35 to 39
Company's Section 172(1) statement	Strategic report	54 and 55
Stakeholder engagement	Strategic report	54 and 55
Principal decisions taken by the Company arising from or influenced by stakeholder engagement	Statement of corporate governance	78
Accounting standards applied	Governance – Statement of Directors' responsibilities	95
	Financial statements – Note 1 of the financial statements	104
Board performance review	Governance – Nomination Committee report	80

Directors' report continued

Company information

Articles of Association

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

Strategic report

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

Cautionary statement

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

Employees

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

Greenhouse gas (GHG) emissions

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

Shareholder information

Incorporation and principal activity

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

Annual General Meeting

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

Substantial shareholdings

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

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

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

Share capital

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

Employee share plans

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

Restrictions on transfer of shares

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

- (i) Duly stamped or duly certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty, lodged at the Transfer Office or at such other place as the Board may appoint and (save in the case of a transfer by a person to whom no certificate was issued in respect of the shares in question) accompanied by the certificate for the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do
- (ii) In respect of only one class of shares
- (iii) In favour of not more than four persons jointly

Directors' report continued

Shareholder information continued

Restrictions on transfer of shares continued

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

Related party disclosures (AIM Rule 19)

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

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

Financial information

Results and dividends

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

Independent auditor

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

Disclosure of information to auditor

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

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

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

Directors' assessment of going concern

At 31 August 2025 the Group had £41.4m of net cash and a £20.0m undrawn revolving credit facility. The Directors believe that the Group is well placed to manage its financing and other business risks satisfactorily and have a reasonable expectation that the Group and Company will have adequate resources to continue in operation for at least twelve months from the signing date of the financial statements.

As part of their regular assessment of the Group's working capital and financing position, the Directors have prepared a cash flow forecast for the period through to 31 August 2027, being at least twelve months after the date of approval of the financial statements. Additional sensitivity analysis has been performed on the forecasts to consider the impact of a severe, but plausible, reasonable worst case scenario on the Group's cash flow and covenant requirements. The scenario, which sensitised the forecasts for specific identified risks, modelled the reduction in anticipated levels of cash and the associated reduction of adjusted EBITDA. The scenario considered the principal risks and uncertainties referred to on pages 58 to 60 and modelled the financial impact of all of the below sensitivities to the base case forecast:

- A reduction in demand of 25% over the next two financial years
- A 10% increase in operating costs
- An increase in cash collection cycle
- An increase in input costs resulting in reduction in gross margins by 12%

The sensitised scenario shows headroom on the Group's revolving credit facility and covenant thresholds throughout the forecast period. After consideration of the above, the Directors have a reasonable expectation that the Group and Company will have adequate resources to continue in operational existence for at least twelve months after the date of approval of the financial statements. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Directors' insurance

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

Approved for and on behalf of the Board.

Richard Elsy CBE
Non-Executive Chairman
AB Dynamics plc
Company number: 8393914
11 November 2025

Statement of Directors' responsibilities

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

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

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

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

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

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

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

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

Directors' responsibility statement

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- The Strategic report and Directors' report include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face
- The Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy

This responsibility statement was approved by the Board of Directors on 11 November 2025 and is signed on its behalf by:

Richard Elsy CBE
Non-Executive Chairman

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