

9 February 2024

Kinovo plc
("Kinovo", the "Company" or the "Group")

Trading Update

Kinovo plc (AIM:KINO), the specialist property services Group that delivers compliance and sustainability solutions, provides the following trading update. The continuing business continues to perform well with particularly strong margins reflecting the mix of works and continued effects of management's implementation of the strategic repositioning.

The Group continues to make progress in East Anglia having opened a new office in December 2023, and has secured eight contracts with new clients via the Eastern Procurement Asset Improvement framework. Six of these are for a term of between one and three years, amounting to a total expected value of approximately £4.2 million. The remaining contracts are initially for a shorter term, although the expectation is that they hold the potential for longer term contracts to be agreed in the new financial year. The Company remains in conversations with several other potential clients in East Anglia and continues to invest to further its growth in the region.

The Group continues its strong trajectory of new client acquisition and extensions with existing customers. It has secured a contract extension with Sanctuary Group for compliance-related works for FY25, with a potential to extend this contract for a further year. The Group continues to diversify its client base, winning short-term direct awards with Newlon Housing Trust and Qualis Property Solutions, initially for compliance works but with scope for a wider offering in the future. Furthermore, under the Greener Future Partnership framework, Kinovo has been awarded a further 109 surveys after the successful completion of the first wave of surveys for Hyde Housing's retrofit program.

Discontinued Operations

Three of the legacy projects relating to Kinovo's former construction division, DCB Kent ("**DCB**"), have concluded. A further four projects have been delayed by extreme weather and unforeseen inherited remedial works and are now expected to be completed by the end of Kinovo's financial year. The penultimate project is in progress and is expected to complete by the end of May 2024, and the Group remains in discussions with the client regarding the final project (due to complete in 2026).

As a result of these delays, the total net costs incurred have increased to £7.1 million as at 31 December 2023 including additional procurement, warranty and remedial costs. Kinovo are seeking to recover some of the additional costs incurred through claims and recoveries, but the total pre-tax net cost to complete is therefore expected to be a material increase from the previous estimate of £5.72 million. We will update the market in due course on all material matters relating to the DCB projects if or when they may occur.

Outlook

Without accounting for additional works crystallising from Kinovo's pipeline as the Group enters its peak trading season, revenues for the year ending 31 March 2024 for continuing operations are expected to be approximately £65 million (FY23: £62.7 million), reflecting a different revenue mix of projects contracted to date, with electrical services continuing to perform strongly. Adjusted EBITDA is expected to be significantly ahead of last year (FY23: £5.5 million) and not less than £6.2 million, being in line with management expectations. This demonstrates the Board's continued confidence in the strength and resilience of the continuing business and its significant growth potential. Cash balances will reflect the aforementioned costs incurred and the outcome of any potential recoveries from the DCB projects, supplemented by cash generation from the continuing business.

This announcement contains inside information for the purposes of article 7 of the Market Abuse Regulation (EU) 596/2014 as amended by regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310. With the publication of this announcement, this information is now considered to be in the public domain.

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