

7 November 2024



Trading Update & Notice of Results ***Strong growth in profitability continues in H1***

Kinovo plc (AIM: KINO), the specialist property services Group that delivers compliance and sustainability solutions, is pleased to provide a trading update for the six months ending 30 September 2024 (the "Period"). All figures are unaudited. The Group's trading for the full year remains in line with the Board's expectations.

The Company will announce its Interim Results for the Period on 26 November 2024.

Continuing Operations

During the Period, the Group delivered improved margins, despite continued initiation and mobilisation delays from contracts including the recently announced contract wins in Hackney. This demonstrated the Group's underlying operational and commercial strength where the compliance and remedial workstreams dominated.

The Group expects to report revenue of £29.6 million, a decrease of 3% compared to the previous period (H1 FY24: £30.3 million), with gross profit increasing 8% to £9.1 million (H1 FY24: £8.4 million) and gross margins increasing to 30.7%, an increase of 3% from the 27.7% in H1 FY24. EBITDA is expected to grow by 10% to £3.2 million (H1 FY24: £2.9 million), with EBITDA margins increasing to 10.8% (H1 FY24: 9.6%).

The pipeline of new work has continued to be bolstered with both framework wins and direct awards during the period, including:

- The Eastern Procurement Heating Installation, Servicing and Maintenance Framework for Domestic and Commercial Heating with an indicative maximum aggregate contract value of £75 million over a four-year term across Kinovo and six other contractors
- The Eastern Procurement Compliance Framework under Lot 1 for door entry, security and emergency lighting for a four year call-off contract worth £5 million in aggregate across Kinovo and one other contractor
- A direct award for Richmond Housing Partnership for build, electrical and disrepair work for two years, worth £800,000 per annum
- A direct award through Eastlight Community Homes for a project relating to voids worth approximately £200,000 over seven months
- A direct award from A2 Dominion Housing for voids, damp and mould and reactive repairs worth up to £1 million over a two year period with the potential for two further one-year extensions
- A tender win for the London Borough of Newham for electrical testing and remedial works worth £80,000 over one year with the potential to extend for a further nine years

Discontinued Operations

As previously announced, the Company agreed the financial settlement of the final outstanding legacy project relating to its former construction division, DCB (Kent) Ltd ("DCB"), amounting to £2.2 million payable over 18 months. The first three monthly instalments amounting to £860,000 have been paid which triggered the release of the related performance bond of the same amount.

Also previously announced, the Company has been contracted to complete additional external works on the last project. These additional works remains ongoing and the Company will confirm in due course once practical completion has been achieved. The overall costs to complete for all the nine projects have remained as previously announced and the DCB legacy is effectively complete, leaving the Company to now focus solely on the continuing business, normalising cashflow and crystallising potential recoveries relating to the DCB projects. To that end, the Company is pleased to announce that it has recently been notified of success with its first two legal claims for recoveries with the sums awarded of approximately £360,000.

David Bullen, Chief Executive Officer of Kinovo, commented:

"I am pleased to report on a robust first-half trading performance, with strong bottom-line growth and a resilient topline performance when considering the deferrals to some of our planned works."

Despite the proposed increases to Employer's National Insurance, I am encouraged by elements of last week's Autumn Budget, particularly the £3.4 billion over the next three years for the Warm Homes Plan, the additional £1 billion contribution to building safety remediation in social housing, the new five year social housing rent settlement and the additional top up of £500 million for the Affordable Homes Programme, which will undoubtedly provide a meaningful boost to the sector."

We continue to be well positioned from regulatory and legislative drivers and look forward to benefiting from this government funding to further drive our organic growth. The previously deferred planned works are now also coming onstream and our pipeline of new works remains strong. Consequently, and whilst revenue outturn will partially depend on resultant mix of works, the Group's trading for the full year nevertheless remains in line with the Board's expectations."

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