

26 November 2024



## Interim Results

### ***Organic growth strategy delivering and driving profitability; full year outlook moderately upgraded***

Kinovo plc (AIM:KINO), the specialist property services group that delivers compliance and sustainability solutions, announces its unaudited Interim Results for the six months ended 30 September 2024 (the "Period").

#### **Financial highlights (Continuing Operations):**

- Revenue reduced by 3% to £29.6 million (H1 2024: £30.3 million), due to a significant deferral to H2 of a contract with Hackney
- Significant uplift in profitability driven by a favourable mix of works and operational efficiencies
  - Gross profit up 8% from £8.4 million to £9.1 million
  - Gross margin increased by 3.0ppt to 30.7% (H1 2024: 27.7%)
  - Adjusted EBITDA up 10% to £3.2 million (H1 2024: £2.9 million)
  - Operating profit increased by 10% to £3.0 million (H1 2024: £2.7 million)
- Basic earnings per share increased 7% to 3.31p (H1 2024: 3.08p)
- Cash conversion of 106% during the period (H1 2024: 92%)
- Net debt of £0.9 million (H1 2024, net cash: £1.0million)

#### **Operating Highlights:**

- Three-year visible revenues increased to £175.2 million (H1 2024: £157.0 million) an increase of 12% year on year and an increase of £12.6 million (8%) since the year end
  - 99% of the three year visible revenues are recurring<sup>10</sup>
- Numerous successful placements on major frameworks and subsequent direct awards provide a strong pipeline of further opportunities
- Higher margin electrical services drove the Group's service performance, accounting for 63% of total revenues (H1 2024: 47%)
- Regulatory revenue works represent 57% of the Group's total revenues (H1 2024: 61%), continuing to be underpinned by legislation requirements for our clients
- Regeneration attributable revenues increased to 33% of the Group's total revenues (H1 2023: 26%) with a higher proportion of remedial works in the Period
- Renewables down to £2.77 million in the Period from £3.87 million due primarily to previously announced exit from a private sector client but with an uplift in decarbonisation workstreams expected in H2
- Further strategic investment in our teams, including the Business Development and Renewables teams, to accelerate organic growth momentum with Group headcount increasing 5% since the year end

#### **Discontinued operations, DCB (Kent) Limited ("DCB"):**

- All nine projects have been essentially concluded with eight having completed or achieved practical completion
- As previously announced, a financial settlement of £2.2 million was agreed in the Period on the penultimate project, with £860,000 already paid in the Period and the associated performance bond released with remaining settlement to be paid monthly over the remaining 15 months
- The final project has recently been signed off by Building Control and is subject only to additional final client requested variations, which have been agreed and contracted separately to the original agreement
- By FY25 year-end only two projects expected to have the customary defects period outstanding
  - Total expected net pre-tax costs to complete all the projects remain unchanged at £12.9 million, before recoveries
  - Minimal cash outflow from discontinued operations expected in H2 (H1 cash outflow - £3.2 million).
- Legal processes in progress to recover costs, with successful adjudication rulings of £360,000 achieved to date

#### **Outlook:**

- The macro drivers relating to Compliance and Decarbonisation continue to offer potential for the sector
- Ongoing execution of strategic initiatives under the three key pillars of Regulation, Regeneration and Renewables continues to strengthen our position as a "one stop shop" and create opportunities for all service divisions
  - Following further contract progress and with the previously deferred planned works now also coming onstream, revenues are expected to increase in the second half of the year, as part of the Group's traditional heavier second half weighting

- The Board is confident that the momentum achieved in H1 will continue for the remainder of the financial year
  - Whilst revenue outturn will partially depend on resultant mix of works, the Group's trading for the full year is now expected to be moderately ahead of the Board's previous expectations
  - The Group is also well positioned to continue its year-on-year positive trajectory, mitigating the impact of the Chancellor's National Insurance and National Living Wage uplifts for the following year

	Unaudited 6 months to 30 September 2024 £'000	Unaudited 6 months to 30 September 2023 £'000	Audited 12 months to 31 March 2024 £'000
<b>Continuing operations</b>			
<b>Income statement</b>			
Revenue	29,573	30,337	64,137
Gross profit	9,073	8,399	18,886
Gross margin	30.7%	27.7%	29.4%
EBITDA <sup>1</sup> (excluding effect of lease payments)	3,560	3,199	7,331
Adjusted EBITDA <sup>2</sup> (including effect of lease payments)	3,197	2,911	6,715
Operating profit	3,012	2,745	6,380
Underlying operating profit <sup>3</sup>	3,067	2,800	6,483
Underlying profit before taxation <sup>4</sup>	2,886	2,633	6,143
Profit after taxation	2,086	1,918	5,128
Basic earnings per share <sup>5</sup>	3.31	3.08	8.20
Adjusted earnings per share <sup>6</sup>	3.40	3.17	8.36
<b>Cash flow</b>			
Net cash generated from operating activities	2,390	2,959	7,809
Adjusted net cash generated from operating activities <sup>7</sup>	3,398	2,686	5,885
Adjusted operating cash conversion <sup>8</sup> (%)	106%	92%	88%
<b>Financial position</b>			
Cash and cash equivalents (including overdraft)	(857)	1,157	489
Term and other loans	(57)	(114)	(86)
Net (debt)/cash <sup>9</sup>	(914)	1,043	403
Net assets/(liabilities)	1,197	1,055	(1,081)
<b>Discontinued operations</b> (see note 11)			
Loss on disposal	-	(343)	(5,737)
Net cash absorbed by operating activities	(3,221)	(2,601)	(7,427)

1. Earnings before interest, taxation, depreciation and amortisation ("EBITDA") and excluding non-underlying items, as set out in the financial review.

2. To align with internal reporting, Adjusted EBITDA is stated after the effect of a charge for lease payments, as set out in the financial review.

3. Underlying operating profit is stated before charging non-underlying items as set out in note 4.

4. Underlying profit before taxation is stated after finance costs and before charging non-underlying items as set out in the financial review.

5. Basic earnings per share is the profit after tax divided by the weighted average number of ordinary shares.

6. Adjusted earnings per share is the profit before deducting non-underlying items after tax divided by the weighted average number of ordinary shares.

7. Net cash generated from operating activities before tax and after lease payments in the period ended 30 September 2024. It is also adjusted to reflect the payment of deferred HMRC payments to normal terms. Further analysis is set out in the financial review.

8. Adjusted net cash generated from operating activities divided by Adjusted EBITDA, as set out in the financial review.

9. Net cash/(debt) includes term and other loans, and cash net of overdraft, and excludes lease obligations.

10. Revenues arising from term contracts currently secured or anticipated to be renewed with an initial period spanning more than twelve months.

#### David Bullen, Chief Executive Officer of Kinovo, commented:

*"I am pleased to report a robust performance for Kinovo during the first half, underpinned by strong profitability growth and the continued execution of our strategy across the three key pillars of Regulation, Regeneration, and Renewables. Despite a modest overall decline in revenues, due to previously announced deferred contract agreements which have now been signed and are underway, we have continued to increase underlying revenues, deliver improved margins and grow our three year visible revenue pipeline to £175.2 million, reflecting the strength of our business model and our ability to capitalise on market opportunities.*

*With the DCB legacy projects now essentially behind us, we are fully focused on advancing our core operations and strategic priorities. The second half has started positively, and we are seeing strong momentum across our service pillars. Supported by a clear growth strategy and a motivated team, I am confident that Kinovo is well-positioned to continue building on this progress and delivering long-term success."*

## Enquiries

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Sangita Shah, Chair

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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. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

## Chair's statement

I am pleased to report a positive first half for Kinovo, underpinned by good progress across our three key strategic pillars of Regulation, Regeneration, and Renewables. While overall revenue decreased slightly, our profitability improved, driven by a favourable mix of works and enhanced operational efficiency. Gross profit increased by 8% to £9.1 million, gross margins rose to 30.7% and Adjusted EBITDA grew by 10% to £3.2 million, reflecting the strength of the team's strategic execution and operational focus.

Our three-year visible revenue pipeline continues to grow, now at £175.2 million, a 12% year-on-year increase, boosted by significant framework wins and new direct awards. Regulation and Regeneration continue to generate strong momentum, representing 57% and 33% of Group revenue respectively. The Renewables pillar was impacted in the Period by a planned strategic exit from a private client, but we expect this to recover in the second half as key decarbonisation projects come into effect, creating new avenues for growth.

## Discontinued Operations

The conclusion of all nine DCB legacy projects will be a major milestone for the Group. I wish to put on record my congratulations and gratitude to the team for their determination and skill in resolving this and bringing an end to this chapter in the Company's history.

The release of the £0.9 million performance bond, relating to the penultimate project that was concluded with a financial settlement, as announced earlier in the year, signals another step towards the successful completion of our obligations, with the release of the final remaining performance bond of £0.5 million due when the additional works are completed on the final project.

The final DCB project was completed on time and within forecasted costs, subject to additional external works commissioned by the client and paid separately with no effect on the overall cost to complete.

With the projects now essentially finalised, the Group is free to concentrate fully on its strategic priorities and driving operational growth.

## Outlook

Looking ahead, I am optimistic about Kinovo's growth potential in the second half of FY2025 and beyond. Whilst

revenue outturn will partially depend on resultant mix of works, the Group's trading for the full year is now expected to be moderately ahead of the Board's previous expectations, supported by increasing demand driven by compliance requirements, decarbonisation initiatives, and strong pipeline visibility.

Our investments in talent and capabilities ensure that we are well-prepared to and deliver on upcoming opportunities. As we mobilise projects across our three pillars, we are focused on sustainable growth and enhancing the value we provide to our stakeholders.

**Sangita Shah**  
**Non-Executive Chair**

26 November 2024

## **Chief Executive Officer's review**

### **Overview & Financial performance**

I am pleased to report on a strong first half performance with continued strengthening of our gross margins and profitability.

Revenues reduced by 3% in the Period due to a significant deferral to H2 of a contract with Hackney.

We continue to drive growth within the business, focusing on our three core strategic pillars of Regulation, Regeneration and Renewables. This is underpinned by regulatory drivers and investments in our teams to drive capabilities.

We were pleased to deliver strong growth in profitability in the Period, driven by a favourable mix of higher-margin works and operational efficiencies. Gross profit increased by 8% to £9.1 million (H1 2024: £8.4 million), resulting in an improved gross margin of 30.7% (H1 2024: 27.7%). Adjusted EBITDA grew by 10% to £3.2 million (H1 2024: £2.9 million), while Adjusted profit before tax increased by 10% to £2.9 million (H1 2024: £2.6 million).

The Group ended the Period with a net debt position of £0.9 million, indicative of our continued investment in growth and working capital management as we navigated the completion of the DCB projects, coupled with a robust adjusted cash conversion rate of 106% (H1 2024: 92%). These results demonstrate the strength of Kinovo's strategic execution of its growth strategy and provide a solid foundation for the second half and beyond.

### **Operational Review**

Our strategic focus on Regulation, Regeneration and Renewables continues to yield encouraging results, underpinned by ongoing investment in our operational capabilities and people. While contract mobilisation delays impacted revenue, as previously announced, our ability to secure framework wins and direct awards demonstrates the strength of our offering and positions us well to continue driving growth.

Within our three operational pillars, Regulation continued to dominate, contributing strongly to Group performance and 57% of total revenues (H1 2024: 61%). Regeneration contributed 33% of total revenues, up from 26% in H1 2024, driven by a higher proportion of remedial works during the Period, with Renewables revenues represent the 10% balance (H1 2024: 13%), reflecting the previously announced exit from a private sector client. However, we anticipate a strong rebound in the Renewables pillar in the second half, with an uplift in decarbonisation workstreams already underway.

Key growth drivers during the Period included significant placements on frameworks and direct awards, providing a robust pipeline of opportunities. Notable achievements include:

- A place on the Eastern Procurement Heating Installation, Servicing and Maintenance Framework, with a potential aggregate value of £75 million over four years across Kinovo and six other contractors.
- Another Eastern Procurement framework award for door entry, security and emergency lighting with a potential aggregate value of £5 million over four years between Kinovo and another contractor
- A direct award from Richmond Housing Partnership for build, electrical, and disrepair work, valued at £800,000 per annum over two years.
- A tender win for the London Borough of Newham, encompassing electrical testing and remedial works worth £80,000 over one year with the potential to extend for up to nine years.

- A new contract award from the London Borough of Hackney, valued at up to £12 million over 18 months, under the National Housing Maintenance Forum's Net Zero Carbon Framework Lot 5A.
- Post-period end, a further contract win from the London Borough of Hackney for responsive repair works, upgraded from our previous announcement, valued at £1.5 million over two years with the potential for a one-year extension.

We also continue to grow our three-year visible revenues, now at £175.2 million, having increased by 12% year-on-year and 8% since the year end, with 99% of this comprising recurring revenues<sup>10</sup>. This reinforces our ability to deliver sustainable growth across all three strategic pillars.

To support this momentum, we have expanded our teams including Business Development and Renewables teams, with total Group headcount increasing by 5% since the year end. This investment enhances our capabilities and ensures we remain well-positioned to capture future opportunities.

The combination of strategic framework wins, operational excellence, and a strong visible revenue pipeline underscores our confidence in Kinovo's ability to deliver long-term growth while continuing to capitalise on the macroeconomic and legislative drivers that shape our industry.

## **ESG & Social Value**

Sustainability and delivering social value are integral to the Group's corporate purpose. During the Period, we advanced our commitment to decarbonisation and community-focused initiatives, reflecting our dedication to creating lasting positive impacts.

Our Renewables pillar continues to play a central role in our environmental efforts, with significant contributions from decarbonisation projects under the Social Housing Decarbonisation Fund (SHDF). The aforementioned projects, such as the London Borough of Hackney contract, include Net Zero Carbon works like the installation of triple-glazed windows, energy-efficient boilers, and renewable energy upgrades. These initiatives not only improve energy efficiency for over 300 properties but also align with broader environmental goals to reduce carbon emissions.

Investing in our people and creating local employment opportunities is crucial to our social value strategy. Over the first half we have increased headcount by 5%, including key hires in our Renewables and Business Development teams, supporting career growth and strengthening our ability to deliver essential services. By focusing on community-driven projects including responsive repairs and remediation works, we continue to improve living standards for local residents while driving social value through skills development and employment creation.

We continue to foster a culture of responsibility and inclusion, reflected in our expanding partnerships with local authorities and housing providers. Through these collaborations, we address critical housing needs and enable better living conditions for underserved communities. The strategic alignment of our ESG initiatives ensures that Kinovo is well-positioned to deliver long-term sustainable outcomes for clients, communities, and stakeholders.

## **Discontinued Operations**

The Group has essentially completed all nine legacy projects relating to its former construction subsidiary DCB and, with only two customary defect periods expected to remain outstanding by FY25 year end, continues to close in on concluding its financial liabilities under parent company guarantees. This will mark a significant milestone for Kinovo.

The final project was completed on time and within the previously announced cost forecasts. The client for the final project has also contracted Kinovo to undertake additional external works, which are classified as contract variations and will be paid for separately, having no impact on the total cost to complete.

As previously announced, the release of the £0.9 million performance bond relating to the penultimate project on which Kinovo reached a financial settlement earlier in the year and the release of the final remaining performance bond of £0.5 million, once the final project has achieved practical completion, further underscores the concluding resolution of DCB-related financial obligations.

The completion of DCB's legacy projects reinforces Kinovo's focus on its core operations in compliance and sustainability, allowing the Group to direct resources fully toward its core strategic pillars.

## Outlook

The second half of FY2025 and beyond presents significant growth opportunities for Kinovo. With a robust pipeline of framework wins and direct awards, we are well-positioned to continue diversifying our client base and expand our range of works across all three pillars.

I am very pleased to have essentially completed the outstanding DCB legacy projects, marking a significant milestone for the Group. This allows us to fully focus on our core operations and strategic growth areas. I would like to thank the team for their hard work and dedication in resolving these challenges, enabling us to move forward with renewed vigour and focus.

The Budget announced by the Chancellor in October has served to validate and underpin our strategic focus on the three key pillars of Regulation, Regeneration and Renewables with the Government announcing the intent to invest significantly in the social housing arenas of compliance and decarbonisation. Whilst the changes to National Insurance and National Living Wage will have a cost impact, estimated at up to £0.5 million, our commercial trajectory and focus on other mitigating factors, support the Board's growth expectations.

The second half has begun positively, and with various deferred works now coming onstream, the Group's trading for the full year is now expected to be moderately ahead of the Board's previous expectations. With a strong visible revenue pipeline of £175.2 million and a clear strategy for growth, I am confident that the business will continue to deliver organic growth, strengthen its market position, and create sustainable value for all stakeholders.

**David Bullen**  
**Chief Executive Officer**

26 November 2024

## Financial review

### Trading review

In the six-month period to 30 September 2024, Kinovo has continued to deliver a strong trading result and cash generation from its continuing operations.

Adjusted EBITDA (after the effect of a charge for lease payments) increased by 10% to £3.20 million (H1 2024: £2.91 million) with operating profit from continuing operations delivering £3.01 million (H1 2024: £2.75 million), also representing an increase of 10%.

Profit before taxation for continuing operations was £2.83 million (H1 2024: £2.58 million), an increase of 10% and basic earnings per share were up 7% to 3.31p (H1 2024: 3.08p).

Compliance and remedial workstreams were strong in the Period whilst mobilisation of some planned works were delayed resulting in revenues decreasing 3% to £29.57 million (2024: £30.34 million) whilst a favourable mix of workstream margins delivered an increase in gross profit of 8% to £9.07 million (2024: £8.40 million). Planned works and mobilisation of new contract wins are expected to pick up in the second half of the year.

Underlying Administrative expenses of £6.01 million in the Period have increased £0.41 million (7%) compared to £5.60 million in the prior Period reflecting the investments made by the business to drive growth.

Kinovo continues to progress the fulfilment of its commitments on the DCB construction projects as set out in the Chief Executive Officer review and below. Discontinued operations included a full provision at 31 March 2024 for the estimated net pre-tax costs to complete the projects and this is maintained at £12.9 million. There has been no discontinued operations profit and loss impact in the Period and the cash flow profile in the Period is set out below.

Profit after taxation for total operations was £2.09 million (H1 2024: £1.58 million), an increase of 32% and basic earnings per share were up 31% to 3.31p (H1 2024: 2.53p).

The Adjusted EBITDA on continuing operations of £3.20 million (H1 2024: £2.91 million) in the period is considered by the Board to be a key Alternative Performance Measure ("APM") as it is the basis upon which the underlying management information is prepared and the performance of the business assessed by the Board.

Adjusted EBITDA is calculated as earnings before interest, taxation, depreciation and amortisation, excluding non-underlying items and is stated after the effect of a charge for lease payments.

A reconciliation of EBITDA (excluding lease payments) and Adjusted EBITDA (including a charge for lease payments) for continuing operations is set out below:

	Unaudited 6 months ended 30 September 2024 £'000	Unaudited 6 months ended 30 September 2023 £'000	Audited year ended 31 March 2024 £'000
<b>Continuing operations</b>			
<b>Profit before tax</b>	<b>2,831</b>	<b>2,578</b>	<b>6,039</b>
Add back: non-underlying items	55	55	103
<b>Underlying profit before tax</b>	<b>2,886</b>	<b>2,633</b>	<b>6,142</b>
<i>Adjustments for items not included in EBITDA:</i>			
Finance costs	181	167	341
Depreciation of property, plant and equipment	83	69	148
Depreciation of right-of-use assets	341	274	585
Amortisation of software costs	69	56	116
<b>EBITDA (excluding a charge for lease payments)</b>	<b>3,560</b>	<b>3,199</b>	<b>7,332</b>
Adjustment for lease payments	(363)	(288)	(617)
<b>Adjusted EBITDA</b>	<b>3,197</b>	<b>2,911</b>	<b>6,715</b>

#### Non-underlying items

Non-underlying items are considered by the Board to be either exceptional in size, one-off in nature or non-trading related items and are represented by the following, and as set out in note 4.

	Unaudited 6 months ended 30 September 2024 £'000	Unaudited 6 months ended 30 September 2023 £'000	Audited year ended 31 March 2024 £'000
<b>Continuing activities</b>			
Share based payment charge	55	55	103

#### Cash flow performance

Adjusted net cash generated from continuing operating activities in the Period was £3.40 million (H1 2024: £2.69 million) delivering an Adjusted operating cash conversion of 106% (H1 2024: 92%). The Adjusted operating cash conversion for the 18 month period from 1 April 2023 to 30 September 2024 was 94%.

Adjusted operating cash conversion is calculated as cash generated from continuing operations (after lease payments) of £2.06 million (H1 2024: £2.69 million), adjusted for the effects of deferred HMRC repayments of £1.34 million (H1 2024: £nil), in the Period; divided by Adjusted EBITDA of £3.20 million (H1 2024: £2.91 million), as set out below;

	Unaudited 6 months ended 30 September 2024 £'000	Unaudited 6 months ended 30 September 2023 £'000	Audited year ended 31 March 2024 £'000
<b>Continuing operations</b>			

	£'000	£'000	£'000
<b>Cash flow from operating activities per condensed consolidated statement of cash flows</b>	<b>(831)</b>	<b>358</b>	<b>382</b>
Adjustment for cash absorbed by discontinued operations	3,221	2,601	7,427
<b>Net cash generated from continuing operating activities</b>	<b>2,390</b>	<b>2,959</b>	<b>7,809</b>
Less operating lease payments	(334)	(273)	(582)
<b>Net cash generated from continuing activities (after lease payments)</b>	<b>2,056</b>	<b>2,686</b>	<b>7,227</b>
Adjustment for deferred HMRC payments	1,342	-	(1,342)
<b>Adjusted net cash generated from continuing operating activities</b>	<b>3,398</b>	<b>2,686</b>	<b>5,885</b>
Adjusted EBITDA (as above)	3,197	2,911	6,715
<b>Adjusted operating cash conversion</b>	<b>106%</b>	<b>92%</b>	<b>88%</b>

By arrangement with HMRC, VAT liabilities of £1.34 million were deferred at 31 March 2024 and were fully repaid by 30 September 2024.

### Discontinued operations

Following its strategic review, Kinovo determined that DCB (Kent) Limited ("DCB"), the Group's construction business, was non-core and was disposed in the year ended 31 March 2022.

On 16 May 2022, DCB filed for administration. Kinovo had residual commitments under various parent company guarantees for the DCB construction projects. Under the terms of the parent company guarantees, Kinovo was responsible for the completion of the projects.

The activities of DCB are presented as discontinued operations.

There were nine DCB projects in total. Seven have been finalised with another complete subject to additional client paid for variations. Kinovo agreed to settle the obligation under the construction contract and parent company guarantee on the penultimate project, releasing Kinovo from its obligations to complete the project. The settlement of £2.2 million is payable over a period of 18 months from July 2024.

The settlement of this project included the cancellation of a £0.9 million performance bond once Kinovo had paid the equivalent value of the bond to the client. This was fulfilled in September 2024 and the bond has been cancelled.

With the settlement agreement on the penultimate project, the reported pre-tax net costs to complete all the DCB projects totalled £12.9 million which was provided in the financial statements for the year ended 31 March 2024. This expectation is unchanged at 30 September 2024 and therefore there has been no P&L impact in the Period.

Kinovo estimates there could be potential recoveries on the projects of up to £2.6 million which would be required to be recognised in future periods, if and when they have been realised. The Company had been successful with its first two adjudication rulings with sums awarded of approximately £360,000.

A total of £9.0 million has been paid in FY2023 and FY2024 relating to the fulfilment of the project obligations. A further £3.2 million was paid in the Period. This includes £0.9 million of the £2.2 million settlement on the penultimate project with the balance be payable by equal instalments between October 2024 and December 2025 set off by final account recoveries, claims and retentions.

At 30 September 2024, the outstanding balance on the costs to complete provision was £330,000.

Additional details of the discontinued operations are also set out in note 30.

The disposal of DCB has enabled the Group to harmonise its operations and increase the focus on its three strategic



workflow pillars: Regulation, Regeneration and Renewables. These pillars are centred on compliance-driven, regulatory-led specialist services that offer long-term contracts, recurring revenue streams and strong cash generation.

## Net debt

There has been a continuing focus on cash management in the Period. In the six-month period to 30 September 2024, the Group had net debt of £914,000 compared to net cash of £1.04 million at 30 September 2023. The net debt position is after the absorption of £3.36 million cash (H1 2024: £2.60 million) relating to the fulfilment of legacy DCB project commitments and repayment of deferred VAT liabilities of £1.34 million (H1 2024: £nil).

Set out below is an analysis of net debt:

	Unaudited at 30 September 2024 £'000	Unaudited at 30 September 2023 £'000	Audited at 31 March 2024 £'000
Net debt/(cash)	857	(1,157)	(489)
HSBC mortgage	57	114	86
<b>Net debt/(cash)</b>	<b>914</b>	<b>(1,043)</b>	<b>(403)</b>

During the Period the Group repaid £29,000 (H1 FY24: £63,000) of borrowings being, £29,000 (H1 FY24: £29,000) on the HSBC mortgage and £nil (H1 FY24: £34,000) on the legacy Funding Circle Term loan, which was fully repaid in September 2023.

The Group also has an on-demand overdraft facility of £2.50 million which was partly drawn at 30 September 2024. The facility was renewed effective from June 2024 and interest is charged at 3.5% above Bank of England Base rate. At the same time the Group also renewed a purchasing card facility of £6.0 million with HSBC which is reported within trade creditors. Both facilities are expected to be renewed at the end of April 2025, subject to the reduction in the purchasing card facility as set out below.

Due to increases in the Bank of England Base Rate, HSBC have amended their standard terms on their purchasing card product, reducing credit terms by 30 days. In alignment with the renewal of our facilities a payment will now be made to reflect the new terms in January 2025. The payment will be dependent on the phasing of spend on the purchasing card but this is expected to be approximately £1.4 million and the facility (currently £6.0 million) will reduce by a commensurate amount at the same time.

## Dividends

No final dividend was paid for the year ended 31 March 2024 and no interim dividend is currently recommended for the year ending 31 March 2025. It remains the Board's priority to fulfil the completion of the DCB projects and strengthen the balance sheet and to resume the payment of a dividend as soon as financial conditions allow.

**Clive Lovett**  
**Group Finance Director**

26 November 2024

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 September 2024 (unaudited)

Unaudited 6 months to	Unaudited 6 months to	Audited Year ended
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	30 September 2024 £'000	30 September 2023 £'000	31 March 2024 £'000
<b>Continuing operations</b>			
<b>Revenue</b>	<b>29,573</b>	<b>30,337</b>	<b>64,137</b>
Cost of sales	(20,500)	(21,938)	(45,251)
<b>Gross Profit</b>	<b>9,073</b>	<b>8,399</b>	<b>18,886</b>
Underlying administrative expenses	(6,006)	(5,599)	(12,403)
<b>Operating profit before non-underlying items</b>	<b>3,067</b>	<b>2,800</b>	<b>6,483</b>
<i>Non-underlying administrative expenses</i>			
Share based payment charge	(55)	(55)	(103)
<i>Total non-underlying administrative expenses (note 4)</i>	<i>(55)</i>	<i>(55)</i>	<i>(103)</i>
<b>Operating profit</b>	<b>3,012</b>	<b>2,745</b>	<b>6,380</b>
Finance cost	(181)	(167)	(341)
<b>Profit before tax</b>	<b>2,831</b>	<b>2,578</b>	<b>6,039</b>
Income tax expense (note 10)	(745)	(660)	(911)
<b>Total profit from continuing operations for the period</b>	<b>2,086</b>	<b>1,918</b>	<b>5,128</b>
<b>Discontinued operations</b>			
Loss for the period (note 11)	-	(343)	(5,737)
<b>Total comprehensive income/(loss) for the period attributable to the equity holders of the parent company</b>	<b>2,086</b>	<b>1,575</b>	<b>(609)</b>

**Earnings per share from continuing operations (note 6)**

Basic (pence)	3.31	3.08	8.20
Diluted (pence)	3.28	3.05	8.08
<b>Earnings/(loss) per share from total operations (note 6)</b>			
Basic (pence)	3.31	2.53	(0.97)
Diluted (pence)	3.28	2.50	(0.97)

There are no items of other comprehensive income for the period.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**At 30 September 2024 (unaudited)**

	Unaudited 30 September 2024 £'000	Unaudited 30 September 2023 £'000	Audited 31 March 2024 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible fixed assets	4,475	4,478	4,514
Property plant and equipment	1,067	1,066	1,073
Right-of-use-assets	1,425	875	1,183
<b>Total non-current assets</b>	<b>6,967</b>	<b>6,419</b>	<b>6,770</b>
<b>Current assets</b>			
Inventories	2,536	2,823	2,612
Deferred tax asset	867	64	1,612
Trade and other receivables	11,835	11,807	12,907
Cash and cash equivalents	28	1,157	489
<b>Total current assets</b>	<b>15,266</b>	<b>15,851</b>	<b>17,620</b>
<b>Total assets</b>	<b>22,233</b>	<b>22,270</b>	<b>24,390</b>

**Equity and liabilities attributable to equity holders of the parent company**

**Issued share capital and reserves**

Share capital (note 8)	6,332	6,278	6,279
Own shares	(850)	(850)	(850)
Share premium	9,373	9,289	9,289
Share based payment reserve	238	136	172
Merger reserve	(248)	(248)	(248)
Retained earnings	(13,648)	(13,550)	(15,723)

<b>Total equity</b>	1,197	1,055	(1,081)
<b>Non-current liabilities</b>			
Borrowings (note 7)	-	57	29
Lease liabilities	768	457	606
	768	514	635
<b>Current liabilities</b>			
Borrowings (note 7)	57	57	57
Overdraft (note 7)	885	-	-
Lease liabilities	680	433	594
Trade and other payables	18,316	18,877	21,032
Provisions (note 11)	330	1,334	3,153
	20,268	20,701	24,836
<b>Total equity and liabilities</b>	<b>22,233</b>	<b>22,270</b>	<b>24,390</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 September 2024 (unaudited)

	Unaudited 6 months to 30 September 2024 £'000	Unaudited 6 months to 30 September 2023 £'000	Audited Year ended 31 March 2024 £'000
<b>Net cash (absorbed)/generated from operating activities (note 5)</b>	(831)	358	382
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	(77)	(75)	(159)
Purchase of intangible assets	(30)	(22)	(119)
<b>Net cash used in investing activities</b>	(107)	(97)	(278)
<b>Cash flow from financing activities</b>			
Issue of new share capital for SIP	137	77	77
Repayment of borrowings	(29)	(63)	(91)
Interest paid	(181)	(167)	(341)
Principal payments of leases	(335)	(273)	(582)
<b>Net cash used in financing activities</b>	(408)	(426)	(937)
Net decrease in cash and cash equivalents	(1,346)	(165)	(833)
Cash and cash equivalents at beginning of period/year	489	1,322	1,322
<b>Cash and cash equivalents at end of period/year</b>	<b>(857)</b>	<b>1,157</b>	<b>489</b>

The condensed consolidated statement of cash flows includes all activities of the Group. Cash flows from discontinued operations are set out in note 11.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 September 2024 (unaudited)

	Issued share capital £'000	Share premium £'000	Own shares £'000	Share based payment reserve £'000	Merger reserve £'000	Retained earnings £'000	<b>Total equity £'000</b>
Balance at 1 April 2024	6,279	9,289	(850)	172	(248)	(15,723)	<b>(1,081)</b>
Profit and total comprehensive income for the period	-	-	-	-	-	2,086	<b>2,086</b>
Share issue for SIP	53	84	-	-	-	-	<b>137</b>
Share based payment charge	-	-	-	55	-	-	<b>55</b>
Transfer to retained earnings for share options exercised	-	-	-	11	-	(11)	<b>-</b>
Total transactions with owners recognised directly in equity	53	84	-	66	-	(11)	<b>192</b>

<b>Balance at 30 September 2024</b>	<b>6,332</b>	<b>9,373</b>	<b>(850)</b>	<b>238</b>	<b>(248)</b>	<b>(13,648)</b>	<b>1,197</b>
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**For the six-month period ended 30 September 2023 (unaudited)**

Balance at 1 April 2023	6,213	9,245	(850)	113	(248)	(15,125)	<b>(652)</b>
Profit and total comprehensive income for the period	-	-	-	-	-	1,575	<b>1,575</b>
Share issue for SIP	65	44	-	(32)	-	-	<b>77</b>
Share based payment charge	-	-	-	55	-	-	<b>55</b>
Total transactions with owners recognised directly in equity	65	44	-	23	-	-	<b>132</b>
<b>Balance at 30 September 2023</b>	<b>6,278</b>	<b>9,289</b>	<b>(850)</b>	<b>136</b>	<b>(248)</b>	<b>(13,550)</b>	<b>1,055</b>

**For the year ended 31 March 2024**

Balance at 1 April 2023	6,213	9,245	(850)	113	(248)	(15,125)	<b>(652)</b>
Loss and total comprehensive loss for the year	-	-	-	-	-	(609)	<b>(609)</b>
Share issue for SIP	66	44	-	(33)	-	-	<b>77</b>
Share based payment charge	-	-	-	103	-	-	<b>103</b>
Transfer to retained earnings for share options exercised	-	-	-	(11)	-	11	<b>-</b>
Total transactions with owners recognised directly in equity	66	44	-	59	-	11	<b>180</b>
<b>Balance at 31 March 2024</b>	<b>6,279</b>	<b>9,289</b>	<b>(850)</b>	<b>172</b>	<b>(248)</b>	<b>(15,723)</b>	<b>(1,081)</b>

## NOTES TO THE INTERIM STATEMENT

### 1. Basis of preparation

Kinovo Plc and its subsidiaries (together "the Group") operate in the mechanical, electrical and general building services industries. The Group is a public company operating on the AIM market of the London Stock Exchange (AIM) and is incorporated and domiciled in England and Wales (registered number 09095860). The address of its registered office is 201 Temple Chambers, 3-7 Temple Avenue, London EC4Y 0DT. The Company was incorporated on 20 June 2014.

These interim financial statements of the Group have been prepared on a going concern basis under the historical cost convention, and in accordance with UK adopted Accounting Standards, the International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued by the International Accounting Standards Boards ("IASB") that are effective or issued and early adopted as at the time of preparing these financial statements and in accordance with the provisions of the Companies Act 2006. The Group has adopted all of the new and revised standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB, as they have been adopted by the United Kingdom, that are relevant to its operations and effective for accounting periods beginning on 1 April 2023.

The interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements, being the statutory financial statements for Kinovo Plc as at 31 March 2024, which have been prepared in accordance with IFRIC of the IASB as adopted by the United Kingdom.

The interim financial information for the six months ended 30 September 2024 do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The interim financial information has not been audited.

### Significant accounting policies

The accounting policies adopted in the preparation of the interim financial information is consistent with those expected to be adopted in the preparation of the Group's annual financial statements for the year ending 31 March 2025.

## Going concern

The Directors have adopted the going concern basis in preparing these interim financial statements.

The continuing business traded strongly in the first six months of the financial year with adjusted EBITDA 10% ahead of the prior period. The Group has secured a number of new direct awards in the Period, has a robust pipeline of opportunities and is well placed on several framework agreements to secure additional contracts in future periods.

At 30 September 2024 the Group had net debt of £914,000 with a net overdraft position of £857,000, with only £57,000 of other borrowings, relating to a historic mortgage loan, repayable within 12 months. In May 2024, the £2.5 million overdraft facility and the £6.0 million purchasing card facility, which is reported within trade creditors, were renewed to end April 2025.

Following its strategic review, Kinovo determined that DCB (Kent) Limited ("DCB"), the Group's construction business, was non-core and was disposed in the year ended 31 March 2022.

On 16 May 2022, DCB filed for administration. Kinovo had residual commitments under various parent company guarantees for the DCB construction projects. Under the terms of the parent company guarantees, Kinovo was responsible for the completion of the projects.

There were nine DCB projects in total. Seven have been finalised with another complete subject to additional client paid for variations. Kinovo agreed to settle the obligation under the construction contract and parent company guarantee on the remaining project, releasing Kinovo from its obligations to complete the project. The settlement of £2.2 million is payable over a period of 18 months from July 2024.

The settlement of the penultimate project included the cancellation of a £0.9 million performance bond once Kinovo had paid the equivalent value of the bond to the client. This was fulfilled in September 2024 and the bond has been cancelled.

Including the settlement agreement on the penultimate project the expected pre-tax net costs to complete all the DCB projects totalled £12.9 million which was provided in the financial statements for the year ended 31 March 2024. This expectation is unchanged at 30 September 2024 and therefore there has been no P&L impact in the Period.

Kinovo estimates there could be potential recoveries on the projects of up to £2.6 million which would be required to be recognised in future periods, if and when they have been realised.

A total of £9.0 million was paid in FY2023 and FY2024 relating to the fulfilment of the project obligations. A further £3.2 million was paid in the Period. This includes £0.9 million of the £2.2 million settlement on the final project with the balance payable by equal instalments between October 2024 and December 2025 set off by final account recoveries, claims and retentions.

At 30 September 2024, the outstanding balance on the costs to complete provision was £330,000 representing the balance of the costs to complete the final project and financial settlement net of final account reconciliations, retentions and release of escrow amounts.

In assessing the Group's ability to continue as a going concern, the Board reviews and approves the 12-month budget and longer-term strategic plan, including forecasts of cash flows. In building these budgets and forecasts, the Board has considered the expected remaining net costs to complete the DCB construction projects.

The Directors expect that the cash generated by the continuing business and the availability of the HSBC facilities (including the anticipated purchasing card facility reduction in January 2025) will provide the financial capacity to facilitate the growth of the core operations and support the completion of the DCB project liabilities.

After taking into account the above factors and possible sensitivities in trading performance, the Board has reasonable expectation that Kinovo plc and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future.

For these reasons, the Board continues to adopt the going concern basis in preparing the consolidated financial statements. Accordingly, these accounts do not include any adjustments to the carrying amount or classification of

assets and liabilities that would result if the Group were unable to continue as a going concern.

## Publication of non-statutory financial statements

The results for the six months ended 30 September 2024 and 30 September 2023 are unaudited and have not been reviewed by the auditor. Statutory accounts for the year ended 31 March 2024 were filed with the Registrar of Companies in September 2024.

The interim financial information has been prepared on the basis of the same accounting policies as published in the audited financial statements for the year ended 31 March 2024. The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee ("IFRIC") pronouncements as adopted by the United Kingdom. Comparative figures for the year ended 31 March 2024 have been extracted from the statutory financial statements for that period.

## 2. Corporate governance, principal risks and uncertainties

The Corporate Governance Report included with our Annual Report and Financial Statements for 2024 detailed how we embrace governance.

Kinovo adopts the Quoted Companies Alliance Corporate Governance (the "QCA Code"), in line with the London Stock Exchange's AIM Rules. We will continue to provide annual updates on our compliance with the QCA Code. The Board considers that the Group complies with the QCA Code so far as it is practicable having regard to the size, nature and current stage of development of the Group, and will disclose any areas of non-compliance in the text below, or on the Group's website.

The Board believes that the adoption of the QCA Code effectively supports the Group's medium to long-term development whilst managing risks, and provides an underlying framework of commitment and transparent communication with stakeholders. It also seeks to develop the knowledge shared between the Group and its stakeholders. The Board notes the changes to the provisions of the 2023 QCA Code and is committed to ensuring that the Group's corporate governance framework reflects best practice, taking into consideration the interests and evolving expectations of its shareholders and broader stakeholders. Consequently, the Board is taking steps to ensure compliance with 2023 QCA Code recommendations for the year ending 31 March 2025.

The nature of the principal risks and uncertainties faced by the Group have not changed significantly from those set out within the Kinovo Plc annual report and accounts for the year ended 31 March 2024.

## 3. Segmental analysis

The Board of Directors has determined an operating management structure aligned around the three core activities of the Group, being Mechanical services, Building services and Electrical services. Operating profit before non-underlying items has been identified as the key performance measure. The following is an analysis of the performance by segment for continuing operations:

	Unaudited 6 months ended 30 September 2024 £'000	Unaudited 6 months ended 30 September 2023 £'000	Audited year ended 31 March 2024 £'000
<b>Continuing operations</b>			
Mechanical services	4,082	6,140	11,670
Building services	6,882	9,965	20,555
Electrical services	18,609	14,232	31,912
<b>Total revenue</b>	<b>29,573</b>	<b>30,337</b>	<b>64,137</b>

Reconciliation of operating profit before non-underlying items to profit before taxation from continuing operations:

Unaudited 6 months ended 30 September 2024	Unaudited 6 months ended 30 September 2023	Audited year ended 31 March 2024
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	£'000	£'000	£'000
<b>Continuing operations</b>			
Mechanical services	509	556	1,167
Building services	345	859	1,419
Electrical services	2,923	2,340	5,585
Unallocated central costs	(710)	(955)	(1,688)
<b>Operating profit before non-underlying items</b>	<b>3,067</b>	<b>2,800</b>	<b>6,483</b>
Share based payment charge	(55)	(55)	(103)
<b>Operating profit</b>	<b>3,012</b>	<b>2,745</b>	<b>6,380</b>
Finance cost	(181)	(167)	(341)
<b>Profit before tax</b>	<b>2,831</b>	<b>2,578</b>	<b>6,039</b>

Only the Group Consolidated Statement of Comprehensive Income is regularly reviewed by the chief operating decision maker and consequently no segment assets or liabilities are disclosed under IFRS 8.

#### 4. Non-underlying items

Operating profit includes the following items which are considered by the Board to be exceptional in size, one off in nature or non-trading related.

	Unaudited 6 months to 30 September 2024 £'000	Unaudited 6 months to 30 September 2023 £'000	Audited Year ended 31 March 2024 £'000
Share based payment charge	55	55	103

All non-underlying items have been charged to other operating expenses.

##### *Share based payment charge*

A number of share option schemes are in place and new options have been granted during the period relating to the Share Incentive Plan amounting to 132,018 (H1 2024: 290,602). The share based payment charge has been separately identified as it is a non-cash expense.

#### 5. Cash flows from operating activities

	Unaudited 6 months to 30 September 2024 £'000	Unaudited 6 months to 30 September 2023 £'000	Audited Year ended 31 March 2024 £'000
Profit/(loss) before income tax	2,831	2,121	(1,610)
Adjusted for:			
Net finance cost	181	167	341
Depreciation	424	344	732
Amortisation of intangible assets	69	56	116
Share based payments	55	55	103
Movement in receivables	1,072	(720)	(1,820)
Movement in payables	(2,716)	864	3,019
Movement in provisions	(2,823)	(2,144)	(325)
Movement in inventories	76	(385)	(174)
<b>Net cash from operating activities*</b>	<b>(831)</b>	<b>358</b>	<b>382</b>

\* Includes all activities of the Group. Cash flows from discontinued operations are set out in note 11

#### 6. Earnings/(loss) per share

The calculation of basic earnings per share is based on the result attributable to shareholders divided by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is calculated under the same method adjusted for the weighted average share options outstanding during the Period as well as ordinary shares in issue.

Basic earnings per share amounts are calculated by dividing net profit for the year or period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Basic and diluted earnings per share is calculated as follows:

	Unaudited 6 months to 30 September 2024 £'000	Unaudited 6 months to 30 September 2023 £'000	Audited Year ended 31 March 2024 £'000
Profit/(loss) used in calculating basic and diluted earnings per share			
Continuing operations	2,086	1,918	5,128
Total operations	2,086	1,575	(609)
Weighted average number of shares for the purpose of basic earnings per share	63,018,154	62,269,270	62,528,742
Weighted average number of shares for the purpose of diluted earnings per share	63,667,084	62,978,446	63,393,296

#### Continuing operations

Basic earnings per share (pence)	3.31	3.08	8.20
Diluted earnings per share (pence)	3.28	3.05	8.08

#### Total operations

Basic earnings/(loss) per share (pence)	3.31	2.53	(0.97)
Diluted earnings/(loss) per share (pence)	3.28	2.50	(0.97)

Details of loss per share for discontinued operations are set out in note 11.

#### Adjusted earnings per share

Profit after tax is stated after deducting non-underlying items totalling £55,000 (H1 2024: £55,000). Non-underlying items are either exceptional in size, one off in nature or non-trading related. These are shown separately on the face of the Consolidated Statement of Comprehensive Income.

The calculation of adjusted basic and adjusted diluted earnings per share is based on the result attributable to shareholders, adjusted for non-underlying items, divided by the weighted average number of ordinary shares in issue during the year.

	Unaudited 6 months to 30 September 2024 £'000	Unaudited 6 months to 30 September 2023 £'000	Audited Year ended 31 March 2024 £'000
<b>Continuing operations</b>			
Profit after tax	2,086	1,918	5,128
Add back:			
Share based payment charge	55	55	103
	<b>2,141</b>	<b>1,973</b>	<b>5,231</b>
Weighted average number of shares for the purpose of basic adjusted earnings per share	63,018,154	62,269,270	62,528,742
Weighted average number of shares for the purpose of diluted adjusted earnings per share	63,667,084	62,978,446	63,393,296
<b>Continuing operations</b>			
Basic adjusted earnings per share (pence)	3.40	3.17	8.36
Diluted adjusted earnings per share (pence)	3.36	3.13	8.25

## 7. Borrowings



	Unaudited 30 September 2024 £'000	Unaudited 30 September 2023 £'000	Audited 31 March 2024 £'000
<b>Non-current borrowings</b>			
<i>Bank and other borrowings;</i>			
Overdraft	-	-	-
Mortgage loan	-	57	29
<b>Total non-current borrowings</b>	-	57	29
<b>Current borrowings;</b>			
<i>Bank and other borrowings;</i>			
Overdraft	885	-	-
Mortgage loans	57	57	57
<b>Total current borrowings</b>	942	57	57
<i>Bank and other borrowings;</i>			
Overdraft	885	-	-
Mortgage loans	57	114	86
<b>Total borrowings</b>	<b>942</b>	<b>114</b>	<b>86</b>

The fair value of the borrowings outstanding as at 30 September 2024 is not materially different to its carrying value since interest rates applicable on the loans are close to market rates.

## 8. Share capital

<b>Ordinary shares of £0.10 each</b>	Unaudited 30 September 2024 £'000	Unaudited 30 September 2023 £'000	Audited 31 March 2024 £'000
At the beginning of the period	6,279	6,213	6,213
Issued in the period	53	65	66
<b>At the end of the period</b>	<b>6,332</b>	<b>6,278</b>	<b>6,279</b>

<b>Number of shares</b>	Unaudited 30 September 2024	Unaudited 30 September 2023	Audited 31 March 2024
At the beginning of the period	62,788,214	62,137,757	62,137,757
Issued in the period	528,101	650,457	650,457
<b>At the end of the period</b>	<b>63,316,315</b>	<b>62,788,214</b>	<b>62,788,214</b>

In August 2024 the Company issued 248,101 of shares to allocate to members of the SIP scheme (H1 2024: 650,457). 44.5p was paid for 171,484 of these shares, for a total consideration of £76,322 (H1 2024: 23.5p for 330,753 shares, for a total consideration of £77,727). This was allocated as £24,810 (H1 2024: £65,046) of share capital and £51,512 (H1 2024: £12,681) of share premium.

In addition, between July 2024 and September 2024, 280,000 (H1 2024: Nil) Company Share Option Plan were exercised for prices ranging between 20.5 pence and 22.5 pence. A total of £60,400 (H1 2024: £nil) was paid for these shares. This was allocated as £28,000 (H1 2024: £nil) of share capital and £32,400 (H1 2024: £nil) of share premium.

## 9. Dividends

The Company did not pay a final dividend for the year ended 31 March 2024 (2023: nil pence). The Board do not recommend an interim dividend for the year ending 31 March 2025.

## 10. Taxation

The income tax charge for the six months ended 30 September 2024 is calculated based upon the effective tax rates expected to apply to the Group for the full year of 25% (2024: 25%). Differences between the estimated effective rate and the statutory rate of 25% are due to non-deductible expenses.

## 11. Discontinued operations

### (a) Description

Following the disposal of the non-core DCB Kent Ltd (DCB) in January 2022, the business subsequently entered administration in May 2022. Under parent company guarantees, signed prior to the disposal of DCB, Kinovo had a commitment to complete the DCB construction projects.

Kinovo had residual commitments under various parent company guarantees for the DCB construction projects and working capital support. Under the terms of the parent company guarantees, Kinovo is responsible for the completion of the projects.

The activities of DCB are presented as discontinued operations.

There were nine DCB projects in total. Seven have been finalised with another complete subject to final client paid for variations. On the remaining project, Kinovo agreed to settle the obligation under the construction contract and parent company guarantee, releasing Kinovo from its obligations to complete the project. The settlement of £2.2 million is payable over a period of 18 months from July 2024.

The settlement of the penultimate project included the cancellation of a £0.9 million performance bond once Kinovo had paid the equivalent value of the bond to the client. This was fulfilled in September 2024 and the bond has been cancelled.

Including the settlement agreement on the penultimate project the expected pre-tax net costs to complete the project total £12.9 million which was provided in the financial statements for the year ended 31 March 2024. This expectation is unchanged at 30 September 2024 and therefore there has been no P&L impact in the Period.

Kinovo estimates that potential recoveries on the projects of up to £2.6 million which would be required to be recognised in future periods, if and when they have been realised.

A total of £9.0 million has been paid in FY2023 and FY2024 on the fulfilment of the project obligations. A further £3.2 million was paid in the Period. This includes £0.9 million of the £2.2 million settlement on the final project with the balance payable by equal instalments between October 2024 and December 2025 set off by final account recoveries, claims and retentions.

At 30 September 2024, the outstanding balance on the costs to complete provision was £330,000.

The disposal of DCB has allowed the Group to harmonise its operations and increase the focus on its three strategic workflow pillars: Regulation, Regeneration and Renewables. These pillars are centred on compliance-driven, regulatory-led specialist services that offer long-term contracts, recurring revenue streams and strong cash generation.

### (b) Financial performance and cash flow information from discontinued operations

	Unaudited 6 months to 30 September 2024 £'000	Unaudited 6 months to 30 September 2023 £'000	Audited Year ended 31 March 2024 £'000
<b>Revenue</b>	<b>392</b>	<b>2,069</b>	<b>3,878</b>
Cost of sales	(392)	(2,526)	(11,527)
<b>Loss before taxation</b>	<b>-</b>	<b>(457)</b>	<b>(7,649)</b>
Income tax credit	-	114	1,912
<b>Loss for the period/year</b>	<b>-</b>	<b>(343)</b>	<b>(5,737)</b>
Operating profit excludes allocation of Corporate costs in accordance with IFRS 5, which states that only costs clearly identifiable as directly relating to the discontinued operations can be included.			
<b>Loss per share from discontinued operations</b>			
Basic (pence)	-	(0.55)	(9.17)
Diluted (pence)	-	(0.55)	(9.17)

**Cash flows from discontinued operations**

Net cash outflow from operating activities	(3,221)	(2,601)	(7,427)
Net cash outflow from investing activities	-	-	-
Net cash outflow from financing activities	-	-	-
<b>Net reduction in cash generated by the subsidiary</b>	<b>(3,221)</b>	<b>(2,601)</b>	<b>(7,427)</b>

**12. Forward-Looking statements**

This report contains certain forward-looking statements with respect to the financial condition of Kinovo Plc. These statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There could be a number of factors which influence the actual results and developments. These could impact on the forward-looking statements included in this report.

**13. Interim Report**

Copies of this Interim Report will be available to download from the investor relations section on the Group's website [www.kinovopl.com](http://www.kinovopl.com).

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